**German politics**
*Small scandals rock the boat*
Page 15

**Road pricing**
*Potential nightmare for Europe's drivers*
Page 12

**GPA**
*The GE deal: will it fly?*
Pages 17, 23

Tomorrow's
**Weekend FT**
*Identity crisis in Japan's model village*


# FINANCIAL TIMES

Europe's Business Newspaper — FRIDAY MAY 14 1993 — D8523A


# Peseta devalued by 8% in ERM

## Escudo follows suit as Spain prepares to cut interest rates

By Peter Bruce in Madrid and Lionel Barber in Brussels

SPAIN WILL cut interest rates by 1½ percentage points today after devaluing the peseta 8 per cent in the fifth European currency realignment since last September's monetary crisis.

The peseta move, accompanied by a 6.5 per cent devaluation of the Portuguese escudo, took European currency markets by surprise, three weeks before the Spanish general election on June 6.

The main cause of yesterday's Spanish devaluation was heavy peseta selling pressure, which has caused a sharp fall in the Bank of Spain's reserves. The Madrid government yesterday morning requested its EC partners to agree a devaluation.

Portugal reluctantly agreed to accompany the devaluation, seeking to remain competitive with Spain, its biggest trading partner.

The devaluation, with the cut in the Bank of Spain's main money market intervention rate to 11½ per cent from 13 per cent, will bring some relief to the hard-pressed economy.

The sudden collapse of the Spanish Socialist government's resolve to resist speculative pressure was fiercely criticised by Spanish employers.

The CEOE, the Spanish employers' organisation, which strongly supports the opposition conservative party, said the devaluation - the peseta's third downward move since September showed "the failure of economic policy".

Spanish economists believe Spain may have spent up to $35bn since last November to support the peseta. Although the Bank of Spain officially says its reserves are about $45bn, the bank has been intervening in support of the peseta by buying the currency forward. Analysts believe that may have cut reserves to less than $20bn.

**THE PESETA DEVALUATION**



The foreign exchange markets have been buffeted by rumours of unusual Bank of Spain transactions in currency options, as part of measures to shore up the peseta. The Bank of Spain last night denied any such activities. Mr Carlos Solchaga, the Spanish finance minister, said it had been impossible to fight against a market focusing not on economic fundamentals but on election uncertainty.

He underlined, however, the political difficulties caused by economic downturn. An official survey to be published today will show that unemployment jumped 253,000 in first quarter, taking the Spanish unemployment rate to 21.7 per cent, Mr Solchaga said.

In London Mr John Major, the British prime minister, chose a day of new ERM instability to express his government's strong reluctance to bring the pound back into the ERM.

He told the Commons the government would not "even begin to consider" whether to rejoin the ERM until the requirements of German and UK monetary policy were "much more closely in line".

The move is likely to reinforce concern in Brussels about the effect of competitive devaluations on the prospects for European economic and monetary union (Emu), already damaged by doubts about the future of the Maastricht treaty..

The upheaval within the EMS comes just five days before the crucial second Danish referendum on the Maastricht treaty.

However, in a curt statement, officials described the devaluations as a routine matter reached through mutual agreement, implicitly confirming the recent conclusion of EC central bankers that the ERM does not need fundamental reform.

The ERM tensions were discussed in three separate telephone conferences yesterday among the 12 European Community governors. One central banker said: "Everyone was adamant that the peseta and the escudo stay inside the system rather than float. What has happened shows the ERM is flexible."

EC finance ministers are to discuss a detailed report by the EC monetary committee on the ERM at an informal meeting in Kolding, Denmark, in 10 days.

James Blitz in London writes: The Danish krone weakened slightly inside the European exchange rate mechanism after yesterday's devaluations of the peseta and escudo.

Other currencies, including the French franc, remained unchanged in spite of the Bank of France's decision to cut its two main interest rates again.

The krone weakened to a low of DKr3.8675 against the D-Mark yesterday amid fears that the Danes may again vote No to the Maastricht treaty in their referendum on Tuesday. It had previously closed at about DKr3.8525 on Wednesday.

France yesterday cut both its intervention and 5-10-day lending rates by a ¼ percentage point.

# Japanese request to kill 50 whales rejected by IWC

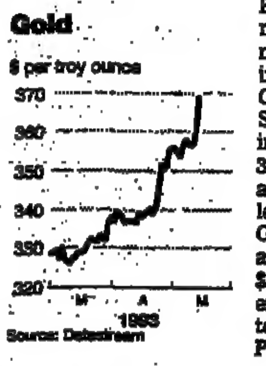
A Japanese request to kill a quota of 50 whales in its coastal waters was rejected yesterday by member nations of the International Whaling Commission.

Japan said it would leave the IWC if it continued to rule against a limited resumption of commercial whaling. Page 16

**Post-Maastricht agenda in UK:** Douglas Hurd, UK foreign secretary, claimed victory over the Conservative opponents of closer European integration as he sketched out Britain's post-Maastricht agenda for the future of the EC. Page 16

**British Telecom** reported a 36 per cent fall in full-year pre-tax profits to £1.98bn ($3.04bn) and a much worse than expected deficit on its pension fund. Page 17; Lex, Page 16; Further details, Page 21

**Gold price soars:**




Frenzied buying reignited the fire in the market started by investors Sir James Goldsmith and George Soros. The price soared in London by nearly 3.5 per cent to $369.15 a troy ounce, its highest level for 17 months. Gold started 1993 at a seven-year low of $327 an ounce. Traders expected further turmoil today. Commodities, Page 36

**EC warns Croatia:** The EC has warned Croatia and the Bosnian Croats that they risk international reprisals if they do not stop attacking Moslems in central and south-western Bosnia, the Danish foreign ministry said. Page 3

**Spiderman to the rescue:** In America, Marvel Entertainment Group, king of the comic books, has enlisted Spiderman, the Fantastic Four and other superheroes as guides through its fiendish

maze of financial data in a full colour, spandex-packed, comic book annual report. Page 17

**Gunman holds toddlers hostage:** A gunman demanding a ransom of FFr100m ($18m) was holding 12 toddlers and their teacher hostage at a nursery school in the wealthy Paris suburb of Neuilly. The hooded man said he had explosives strapped round his waist.

**Nissan,** Japan's second largest carmaker, agreed to buy parts from a supplier affiliated to Toyota, its arch rival and Japan's largest car manufacturer. Page 17; Nissan, Page 8

**German strike may grow:** IG Metall, Germany's powerful union, will expand its strike to the whole of eastern Germany next week unless talks in Dresden break the deadlock. Page 2

**Solidarity action threatened:** Poland's Solidarity trade union has threatened to call a general strike next week in an attempt to win higher wages for teachers, health service workers and other public sector employees. Page 2

**No deal in peace talks:** The ninth round of Middle East peace negotiations ended without progress after the first direct US attempt to bridge differences had been rebuffed by the Palestine Liberation Organisation. Page 6

**France in Gatt counterattack:** French prime minister Edouard Balladur, launching a diplomatic counter-offensive in the Gatt trade talks, said: "I want to put an end to this idea that several hundreds of thousands of French farmers are the one stumbling block to the regeneration of world trade that would follow from a Gatt accord." Page 7

**Romanian adoption bill:** The Romanian parliament's law commission is discussing a new bill which would expedite adoption procedures for more than 50,000 children abandoned in the country's orphanages.

**Metropolitan Life,** South Africa's seventh largest life insurer, is to invite the country's black community to take a stake in the company. Page 19

**STOCK MARKET INDICES**

| | | |
|---|---|---|
| FT-SE 100: | 2849.3 | (-11.5) |
| Yield | 3.99 | |
| FT-SE Eurotrack 100 | 1155.16 | (+7.10) |
| FT-A All-Share | 1404.29 | (-0.2%) |
| Nikkei | 20,532.78 | (-82.42) |
| New York lunchtime | | |
| Dow Jones Ind Ave | 3454.91 | (-27.40) |
| S&P Composite | 439.91 | (-4.89) |

**US LUNCHTIME RATES**

| | |
|---|---|
| Federal Funds: | 2 11/16% |
| 3-mo Treas Bills: Yld | 2.972% |
| Long Bond | 102 1/2 |
| Yield | 6.949% |

**LONDON MONEY**

| | | |
|---|---|---|
| 3-mo Interbank | 6% | (same) |
| Liffe long gilt future: | Jun 103¾ | (Jun104 7/32) |

**NORTH SEA OIL (Argus)**

| | | |
|---|---|---|
| Brent 15-day (June) | $18.89 | (19.07) |

**Gold**

| | | |
|---|---|---|
| New York Comex (June) | $369.3 | (361.8) |
| London | $369.15 | (357.15) |

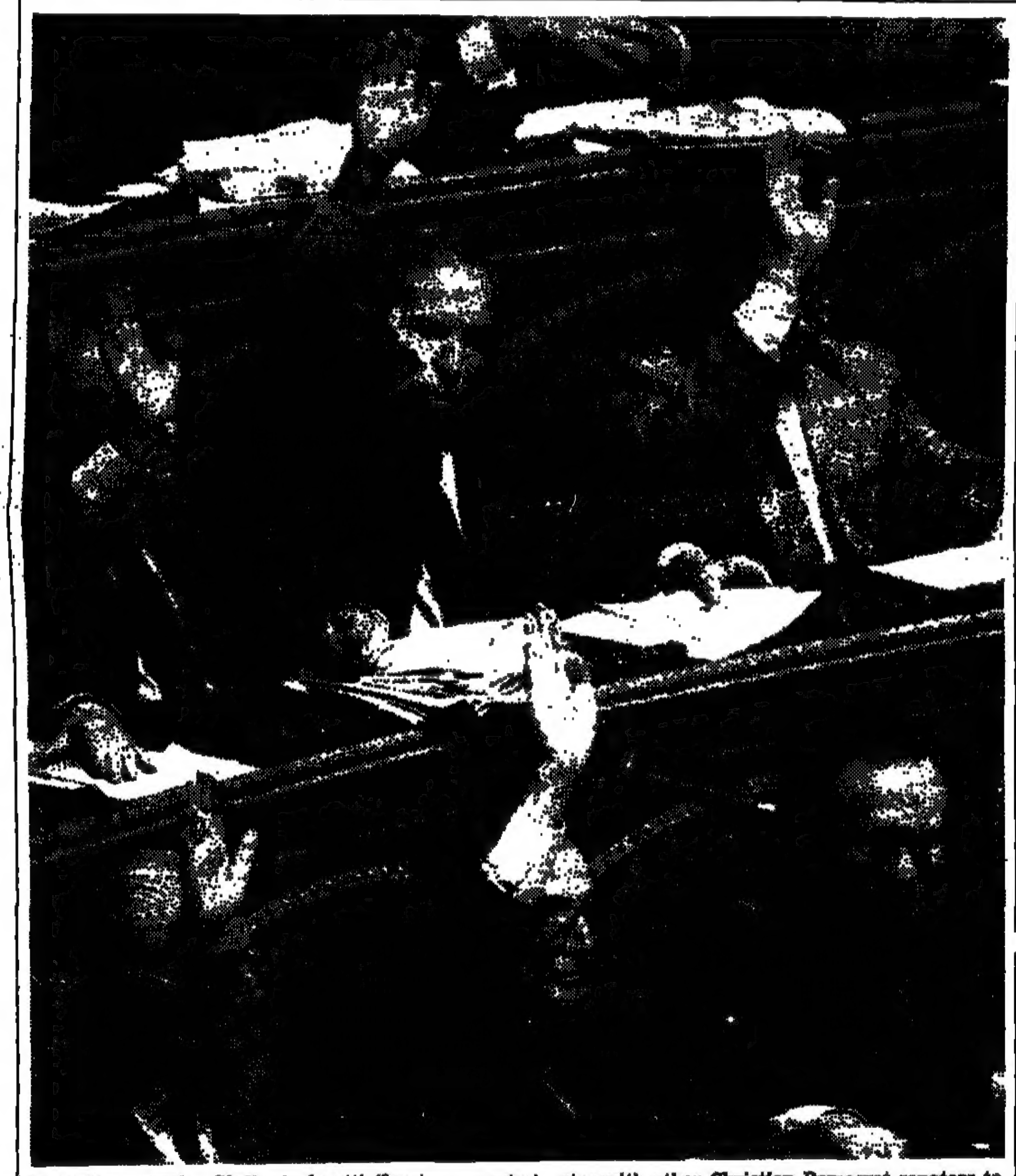
**STERLING**

| | | |
|---|---|---|
| New York lunchtime: | | |
| $ | 1.523 | |
| London: | | |
| $ | 1.5255 | (1.5335) |
| DM | 2.4625 | (2.47) |
| FFr | 8.305 | (8.33) |
| SFr | 2.225 | (2.2425) |
| Y | 170.25 | (171.0) |
| £ Index | 79.7 | (80.2) |

**DOLLAR**

| | | |
|---|---|---|
| New York lunchtime: | | |
| DM | 1.618 | |
| FFr | 5.44 | |
| SFr | 1.461 | |
| Y | 111.7 | |
| London: | | |
| DM | 1.6145 | (1.6115) |
| FFr | 5.445 | (5.4325) |
| SFr | 1.458 | (1.462) |
| Y | 111.65 | (111.55) |
| $ Index | 64.5 | |
| Tokyo Y 111.68 | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Austria | Sch30 | Germany | DM3.30 | Lux | LFr60 | Qatar | QR12.00 |
| Bahrain | Din1.250 | Greece | Dr300 | Malta | Lm0.60 | S.Arabia | SR11 |
| Belgium | BFr60 | Hungary | Ft172 | Morocco | MDh13 | Singapore | S$4.10 |
| Bulgaria | Lw25.00 | Iceland | IKr180 | Neth | Fl 3.75 | Slovak Rp | KSL45 |
| Croatia | SLT220 | India | Rs40 | Nigeria | Naira45 | Slovenia | HRD5700 |
| Cyprus | C£1.00 | Israel | Shk5.50 | Norway | NKr16.00 | Spain | Pta200 |
| Czech Rp | Kcs45 | Italy | L2700 | Oman | OR1.50 | Sweden | SKr15 |
| Denmark | DKr15 | Jordan | JD1.50 | Pakistan | Rs35 | Switz | SFr3.20 |
| Egypt | E£4.50 | Korea | Won 2500 | Philippines | Pso45 | Syria | S£50.00 |
| Finland | FMk12 | Kuwait | Fils.600 | Poland | Zl 22,000 | Tunisia | Din1.250 |
| France | FFr9.00 | Lebanon | US$1.25 | Portugal | Es215 | Turkey | L7000 |
| | | | | | | UAE | Dh11.00 |



Ex-Italian premier Giulio Andreotti (front row centre) votes with other Christian Democrat senators to lift his parliamentary immunity paving the way for a probe of his alleged Mafia links Report, Page 16

# Daimler-Benz profits sharply down to DM20m

By David Waller in Frankfurt

DAIMLER-BENZ, Germany's largest industrial group, reported a dramatic decline in net profits yesterday to DM20m ($12.4m) for the first quarter of 1993, down from DM480m in the same period last year.

Daimler described the result as "exceptionally unsatisfactory". It chiefly blamed weak demand in the German car and commercial vehicle market, which handicapped Mercedes-Benz, the car manufacturer that generates two-thirds of the group's sales.

Blighted by what Daimler called "extremely difficult conditions" in world markets, car production at Mercedes dropped by 39 per cent in the quarter to 94,500 units, down from 153,738 last year when conditions were still what Daimler called "highly favourable".

The number of commercial vehicles produced fell by 27 per cent to 55,900.

Last month Daimler indicated that profits would be "considerably down" in the first quarter, and the results were not noticeably different from analysts' expectations after an accelerated drop in profits over the last half of 1992. The share price closed 30 pfennigs up at DM558.30.

But the results served to intensify analysts' scepticism about Daimler's ability to make the DM1bn profit for the whole of 1993 which it forecast last month after announcing 1992 profits down 25 per cent to DM1.45bn.

Daimler predicts a "significant upturn" this year with the introduction, scheduled for June, of the C-class Mercedes to replace the 10-year-old 190 series, the company's smaller executive car.

For the Daimler-Benz group as a whole, total sales dropped 19 per cent to DM18.4bn for the quarter. First-quarter sales at Mercedes dropped by 24 per cent to DM12.5bn.

The trend in group results, Daimler said, was distorted by comparison with a "highly

Continued on Page 16

# Danes hit at foreign meddlers in referendum

By Hugh Carnegy and Hilary Barnes in Copenhagen

THE intervention of British politicians and newspapers in Denmark's Maastricht referendum campaign is both unwelcome and unfair, according to Mr Niels Helveg Petersen, the Danish foreign minister.

"I simply believe we should be left to fight our own campaign," he said yesterday. "We do not interfere in the British campaign [on Maastricht]. Let the British fight their own battles in Britain and not here."

Mr Helveg Petersen was echoing a growing sense of irritation in Denmark about the role of outsiders in the referendum to be held next Tuesday.

Mr Uffe Ellemann-Jensen, Mr Helveg Petersen's predecessor, also expressed irritation over anti-Maastricht newspaper advertisements paid for by Sir James Goldsmith, the

Continued on Page 16
Denmark's Yes-men, Page 3

# US consumer price increase sparks fears over inflation

By Michael Prowse in Washington

REPORTS of a sharp increase in US consumer prices last month prompted heavy selling of shares and bonds yesterday on fears that US inflationary pressures are reviving.

The Labour Department said the consumer price index rose 0.4 per cent between March and April and at an annual rate of 3.7 per cent over the last quarter. On Wednesday it reported an 0.6 per cent rise in producer prices last month.

By midday, the benchmark long bond was down more than a full point to yield 6.94 per cent. The Dow Jones industrial average was down nearly 30 points at 3,453.25.

"There's no cause for long-term concern," President Bill Clinton told reporters, but "we have to watch it".

The figures puzzled many analysts because consumer demand is seen as too weak to support a significant acceleration of inflation. Wage costs remain subdued.

Consumer prices were boosted last month by an erratic rise in food prices. However, the "core" consumer price index - which excludes food and energy - rose 0.4 per cent and at an annual rate of 4.1 per cent over the past three months. Core producer prices have also risen rapidly in recent months.

"Inflation will stabilise at 3.0-3.5 per cent this year," said Mr David Wyss, chief economist at DRI-McGraw Hill, a forecasting group. "Hopes that it would fall to 2.5-3.0 per cent were always unrealistic."

Mr John Lipsky, chief economist at Salomon Brothers in New York, said the figures seemed "a bit high given the modest pace of growth".

Separately, the Commerce Department reported a 1.2 per cent increase in retail sales last month, a stronger than expected rebound after bad weather hit sales in March. The recovery was led by car sales, which rose 3 per cent from March.

Mr Ron Brown, commerce secretary, warned that the sales rebound was modest and indicated an annual rate of sales growth of only 2.4 per cent, lower than the rate of inflation. A 12 per cent increase in car sales compared with April last year, however, was evidence that "the president's cut-the-deficit, lower interest rate strategy is setting the stage for growth".

Mr Wyss predicted a "soft" second quarter with economic growth at an annual rate of 2.5 per cent, up from 1.8 per cent in the first quarter. The recovery, however, would gather momentum in the second half of the year.

Tax plan compromise, Page 4

CONTENTS





 No 32,062 Week No 19 LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

# Path of peseta pleases exporters

By Peter Bruce in Madrid

THE PROSPECT of a peseta devaluation has had Spain's business leaders, especially exporters, on the edge of their seats for weeks.

"I'm counting on it," said Mr Pedro Ballve, chairman of the biggest processed meats group, Campofrio, a few days ago. "It's desperately necessary. We need an exchange rate that reflects the true wealth of our country."

In the Basque country, industrialists, most of whom export, had been lobbying for a devaluation for weeks. "A devaluation would have a minimal effect on inflation," said Mr Enrique Portacarrero, head of a regional employers' confederation. "The effect on import prices will be minimal because the recession has cut demand so much."

In all, the peseta has fallen about 20 per cent against the D-Mark since last autumn. The apparent inability to find a parity within the European Monetary System is an embarrassment to the government but it has been a boon to business as the country has slipped into recession.

Recent official figures show that Spanish exports, which grew more slowly than imports for most of the 1980s, have suddenly taken off since last autumn. In the first quarter of this year exports rose 12.7 per cent, while imports fell 6 per cent. In the six months to the end of March, exports grew 5.5 per cent while imports fell 6.5 per cent.

"The only good economic news we have had in the last year has been export growth," says Mr Ballve.

But while yesterday's devaluation may further quicken export growth, some economists worry that unless wage rises slow, the competitive effect may be lost. "It was probably not a good idea to devalue before this year's wage round has been completed," said one Madrid banker. "The settlements are coming in at above 6 per cent, which is too high."

The decision to devalue the peseta is a result of the country's inability to develop a competitive exporting industry and its traditional reliance on tourism to cover its large trade deficit. That pattern was broken by the economic boom after the country joined the European Community in 1986. It triggered a massive influx of imports, which last year resulted in a current account deficit worth 3.3 per cent of gross domestic product.

Savings in Spain are low and Madrid has to attract foreign funds to cover that deficit and analysts said yesterday the devaluation would help reassure foreign markets that the peseta would now stabilise.

# González eases pre-election pressure

By Peter Bruce

THE pressure on Spain's currency became too much yesterday. Devaluation may have been the only option, but it might yet be the best move for the embattled socialist government since the prime minister, Mr Felipé González, three weeks ago, called a snap general election for June 6.

At least some of the pressure is off.

Political opponents will see the move as a defeat and a humiliation. The government has been insisting it would not devalue and that the peseta was correctly valued within the exchange rate mechanism of the European Monetary System.

Analysts in Madrid agreed yesterday that the Bank of Spain had little option but to ask the European Community's monetary committee for the realignment.

The Bank of Spain has been buying pesetas forward to see off speculators, and its reserves – which are believed to have fallen from more than $60bn (£39bn) last autumn to less than $20bn now if its futures contracts are taken into account – are badly depleted. The central bank and the finance ministry decided to seek a realignment the moment pressure began to build up yesterday. "There was just too much ammunition out there," said one senior Madrid banker.

"It was inevitable," said Mr Ignacio Gomez Montejo, chief economist at brokers FG. He believed the move would damage the government's election prospects, especially since Spain has devalued three times since last September. It would help bring down interest rates quite rapidly this year but, he added: "It's too late to help the government in the election. Three devaluations in nine months is a [political] disaster."

"It was unavoidable but it's not a disaster," said Mr Miguel del Valle, chief of research at Banco Central Hispano, who said he thought the peseta would not depreciate too far at its new parity and that it might even appreciate.

That view is supported by Mr Carlos Sebastian, chief economist at brokers Iberagentes.

He said the peseta was, at worst, 5 per cent overvalued at around Pta73.50 to the D-Mark, but that the markets had worried that should the conservative opposition People's party win the election, it might take the currency out of the system altogether.

Being forced out of the ERM would be a political calamity from which the prime minister could not recover. As it is, the obstacles confronting him between now and June are daunting. Ironically, devaluation could help him to deal with them.

An official unemployment survey today is likely to show a large increase in the numbers out of work. The last survey showed a record 3.04m people unemployed, 20.6 per cent of the working population, at the end of last year.

The most serious worry now, at least at the Bank of Spain, is that employers may no longer feel pressured to deal firmly with high wage demands. The few agreements that have been signed in the spring wage round so far have been close to 7 per cent.

While the inflationary effects of the devaluation are unlikely to be severe given the recession and the slump in demand, April inflation figures published yesterday were disappointing for the government. They showed a 0.4 per cent increase in consumer prices in April, bringing year on year inflation up from 4 per cent in March to 4.6 per cent last month. Devaluation will also allow voters time to get used to the idea, before election day, that interest rates really are going to start falling.

The government will be able to argue that it has dealt with crippling interest rates and an overvalued currency.

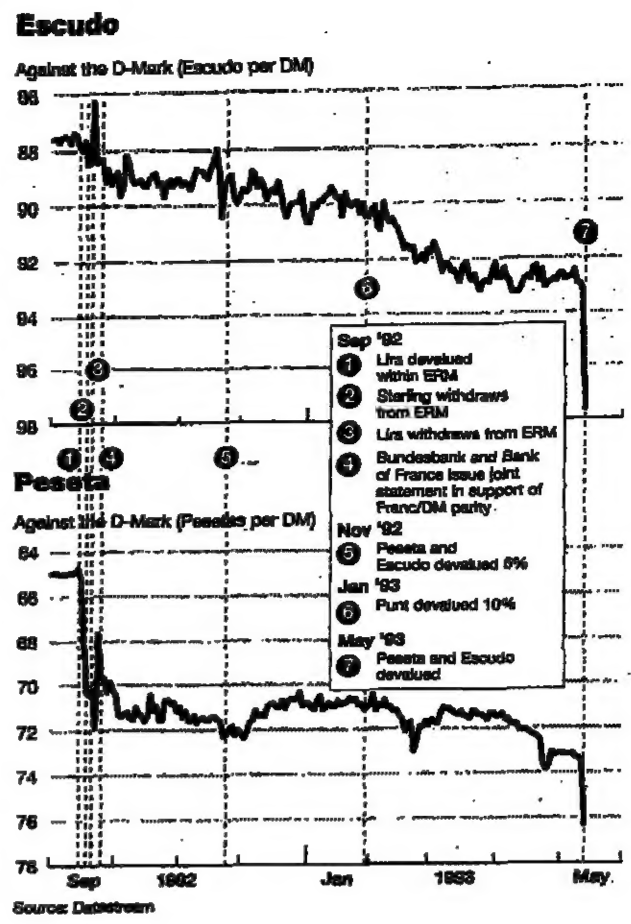
Pressure on the peseta has been caused by Spain's rapidly growing current account deficit – 3.3 per cent of GDP last year, it was in surplus until 1988 when a consumer boom began to suck in imports.

Already, Spain's exports have begun to pick up in the wake of the last two devaluations.

Until yesterday, it seemed Mr González had overcome the political divisions in his party and that, despite a surge in support for the opposition, the socialists would win the most seats in what is likely to be a hung parliament. That would enable him to form the next government.

What is important now is time.

Spain's socialists are not about to be blown away like their French counterparts. This will be the worst weekend of the campaign for the prime minister, but there are still 24 days to the election. He still has everything to play for.



Source: Datastream

# French interest rates reduced

By Alice Rawsthorn in Paris

THE Bank of France yesterday announced a reduction of 0.25 percentage points in its leading interest rates, the sixth fall in official rates since France's centre-right government took power six weeks ago.

The intervention rate was reduced to 7.75 per cent and the short-term 5-to-10 day facility to 8.75 per cent. The bank's announcement, which followed the news from Spain, took the markets by surprise. It came only a day after the main commercial banks had reduced base rates to 9 per cent and less than a week after the last cut in official rates.

Economists had anticipated further falls in French rates but had expected the French authorities to wait until after next Tuesday's Danish referendum on the Maastricht treaty. However, the French franc remained robust after the announcement. It ended the day at FFr3.3715 against the D-Mark, compared with FFr3.3720 on Wednesday.

The stock market's response was also positive. The CAC-40 Index, which has been sluggish in recent days, edged higher to close up 0.39 at 1,879.93.

Both Mr Edouard Balladur, the new French prime minister, and Mr Edmond Alphandéry, his economy minister, have made it clear that they hope for further falls in interest rates to alleviate the pressure on the French economy.

Hopes of recovery were encouraged by yesterday's publication of provisional figures by the state statistics institute indicating that inflation rose by less than 0.2 per cent in April, bringing the annual rate to just over 2.1 per cent.

## Spanish devaluation underlines monetary split in the EC

# Exchange rate machismo ends

By Peter Marsh, David Marsh and Peter Norman

EXCHANGE RATE machismo finally went out of fashion yesterday when the Spanish and Portuguese governments requested a devaluation of their currencies within the European exchange rate mechanism.

The events underline the monetary split in the European Community between the "inner core" nations centred on Germany and other countries which are constrained by economic weakness in pegging their currencies to the D-Mark.

Yesterday's discussions in the EC's monetary committee illustrate the new sense of realism established in Europe over exchange rates in the aftermath of last year's ERM crisis.

Out has gone the idea that countries should cling on to their ERM parities regardless of the cost in terms of foreign-currency reserves, high interest rates and high exchange rates reducing export competitiveness. Instead has come a sense of submission to the forces of the $1,000bn-a-day currency market.

The new mood has been struck most forcibly by the Bundesbank, which has been conveying ever more rigorously its view that countries with currencies under persistent strain should seek timely devaluations.

Admittedly, in the case of Spain, the pressures of a general election campaign played their part in forcing the peseta into its third devaluation since the onset of ERM turbulence last September.

Mr Felipé González, the Spanish prime minister, and Mr Carlos Solchaga, the finance minister, have become aware in recent weeks that their government's hold on power was being increasingly put at risk by the economic rigour needed to defend the peseta's D-Mark parity.

**'We all knew the Spaniards were in for a rough ride in keeping to ERM limits. We were surprised they held out for so long'**

Even so, Mr Solchaga went out of his way less than two weeks ago to rule out a further peseta re-adjustment. "We are not going to devalue, not this weekend, nor the next weekend nor at any time on the horizon," he told reporters in Washington where he was attending meetings of the International Monetary Fund.

Yesterday's decision by Mr González and Mr Solchaga to renege on this commitment was sparked by the heavy selling of the peseta on exchange markets on Wednesday, which forced the Bank of Spain to dig even deeper into its already depleted reserves. The ministers' action virtually forced Portugal also to request a devaluation – the second affecting the escudo since last autumn – by dint of the two countries' close trading links.

Mr Luis Angel Rojo, the Bank of Spain governor, who met other EC central bank governors at Basle for their regular monthly meeting at the beginning of this week, did not discuss the move with them, Spanish officials said yesterday.

However, the problems facing Spain were the subject of a special, secret discussion by the EC governors at their Basle meeting in March. "We all knew the Spaniards were in for a rough ride [in keeping the peseta within its ERM limit] and some of us were surprised they held out for so long," a central banker said yesterday.

Another banker suggested that the decision to seek a devaluation in trading hours smacked of panic. "The way the Spaniards have handled this was not very clever," said one official, who admitted that news from Madrid had taken him by surprise. However, another point of view was that Spain announced its move yesterday morning to prevent more damaging speculation against the peseta as the monetary committee meeting – a regular event scheduled weeks ago – took place.

Yesterday's development was likely to reinforce already existing pressures for a two or multi-speed drive towards monetary integration in Europe.

Spain and Portugal are now clearly in the slow lane, along with Britain and Italy, which both left the ERM last year.

The devaluation of the Spanish and Portuguese currencies comes in spite of increasingly aggressive moves by the Bundesbank to cut interest rates in recent weeks – events which in theory should have reduced the pressures on some of the weaker ERM currencies.

Even so, in several statements during the past few weeks, the Bundesbank has made clear its extreme reluctance to take part in open-ended intervention operations to bail out currencies judged by the market to be fundamentally over-valued.

The prospect of a substantial peseta and escudo devaluation revived fears that the ERM could be undermined by competitive devaluations, a warning repeatedly expressed recently by Mr Jacques Delors, the EC Commission president.

Although the Spanish and Portuguese move underlines Mr Delors' prescience, the trend towards competitive devaluation is likely to persist as long as Europe remains stuck in a period of low or even negative growth.

# Escudo dragged into slipstream by 'integration'

By Peter Wise in Lisbon

THE Portuguese escudo has once again been sucked into the peseta's slipstream because of its links with the Spanish economy and Spanish markets.

When the escudo devalued 6 per cent along with the peseta last November, the finance ministry made clear it was reluctantly following suit because Spain had taken over from Germany as Portugal's main trading partner. There was no other strong reason for Portugal to devalue then, officials said at the time. Yesterday there was no sign that the move would be received any differently.

Economic analyists believe that the government was forced into yesterday's decision by the realisation that, faced with a devaluation of the peseta, it would find it too costly to keep the escudo within its fluctuation band without a realignment.

"With a peseta devaluation, the speculation around the escudo would be so strong that the Portuguese government would not be able to resist following suit," said Mr Rui Martins dos Santos, chief economist with Banco Portugues de Investimentos. "The market likes simple messages and it has taken on board the idea that the Spanish and Portuguese economies are so potentially integrated that the escudo has to follow any peseta devaluation."

Mr Nuno da Rocha Correia, an analyst with brokers Independente, said: "The Portuguese government won't welcome this devaluation as it runs contrary to its macro-economic policy of maintaining a strong escudo to hold down inflation and improve the competitiveness of exports through productivity gains rather than depreciation of the currency."

But he added, "The government may be relieved that some of the pressure of defending the escudo has been taken off. It will also be welcomed by what has become known as the 'real economy', exporters and small-and medium-sized businesses."

However, after the announcement in Brussels, the Mr Antonio Gutteres, leader of the opposition Socialist party, said: "This represents a defeat for the policies of the government who have always defended a strong escudo. It is a pity Portugal is sacrificing its competitiveness with Spain."

The government has used its ample foreign currency reserves to defend the escudo and it has maintained high short-term domestic interest, which rose to a peak of 25 per cent in March.

# Swedish central bank acts

SWEDEN'S central bank, the Riksbank, yesterday cut Sweden's key marginal lending rate by 0.25 per cent to 9.0 per cent, the third reduction in interest rates in a month, writes Christopher Brown-Humes in Stockholm.

The latest cut means the marginal rate is now 3.5 percentage points below its level last November when the krona was floated.

The Riksbank said the cut was justified by the downward trend in European interest rates and the reduced uncertainty over the outcome of Sweden's annual round of wage negotiations following a settlement agreed between employers and engineering unions on Monday.

# Solidarity on collision course with coalition

By Christopher Bobinski in Warsaw

POLAND'S Solidarity trade union has threatened to call a general strike next week in its bid to win higher wages for teachers, health service workers and other public sector employees.

The call would be accompanied by a no confidence motion in Ms Hanna Suchocka's coalition government by the Solidarity's group of deputies in parliament, according to Mr Marian Krzaklewski, the Solidarity leader.

The government is based on a six-party coalition which controls 177 votes in the 460 seat Sejm, the more important chamber in parliament. The Solidarity leadership has given the government until May 18 to come up with "satisfactory" answers to the movement's demands which the government says cannot be fulfilled, given present budget restrictions.

This year's budget deficit has been set in the agreement with the International Monetary Fund at 82,000bn zloty (£3.1bn) or 5 per cent of gross domestic product and any upward revision could lead to suspension of successive tranches of $660m worth of standby credits due to run until the spring of 1994.

As it is, the government will in any case be hard pressed to meet the IMF target, thanks to a recent parliamentary vote increasing pensions and forgiving housing loans extended before 1990, which threaten to put a further 20,000bn zloty onto the deficit.

The root of Solidarity's rift with the government lies in the fact that its role has been largely restricted to that of a trade union since the end of communist rule. Before that, it was an all-embracing opposition movement.

"The cause of the dramatic public sector strikes... is the arrogance of the government and attacks on the union by representatives of the state administration," Solidarity's National Commission said in a toughly worded statement.

Some union leaders have increasingly sided with workers disillusioned with reforms which have increased inflation and unemployment but brought them few concrete rewards. Some union deputies have voted against the government in parliament.

Meanwhile, workers in the south western Walbrzych region who have been striking and blockading the local government headquarters to demand effective restructuring policies suspended their protest after a promise of talks with the government due to begin today.

Solidarity has fewer than 2m members but showed last December it is capable of mounting large-scale strikes when it led a three-week stoppage in coal mines.

Solidarity unionists are planning a half-hour token stoppage in the industrial region of Silesia today and railway workers are considering strikes early next week.

**Pensioners demonstrating in front of the Greek parliament building in Athens yesterday. They joined thousands of workers in a one-day strike to put pressure on the government for wage increases. The General Confederation of Greek Labour is seeking rises of 15 per cent.**

# Brussels hard line on Oslo

By Andrew Hill in Brussels

THE European Commission said yesterday it had no immediate intention to bow to Norwegian pressure and withdraw proposals aimed at increasing competition in North Sea oil and gas exploration.

A spokeswoman for Mr Abel Matutes, the EC energy commissioner, said the decision about whether or not to adopt the directive was up to the 12 existing members of the Community. "We can't take a decision on the basis of the hypothetical situation that Norway has joined," she said.

Mrs Gro Harlem Brundtland, the Norwegian prime minister, warned this week that adoption of the measure could hinder attempts to convince the country's electorate about the benefits of EC membership.

The directive would outlaw preferential treatment of national oil and gas companies applying for drilling or exploration licences and has provoked strong opposition from Denmark, which holds the presidency of the EC, and from Norway, both of which grant certain licence privileges to their state oil companies.

Last month, Denmark postponed a scheduled meeting of energy ministers, which was due to discuss the issue, partly to avoid having to take a sensitive decision on the directive ahead of next week's referendum on the Maastricht treaty.

The measure will next be discussed by ministers on June 25, and a decision could be delayed at least until the Belgian presidency of the EC in the second half of the year.

## Wages dispute in eastern Germany may spread

# IG Metall gives warning

By Judy Dempsey in Berlin

IG Metall, Germany's powerful union, will expand its strike to the whole of eastern Germany next week unless talks, which resumed yesterday in Dresden break the deadlock.

Mr Franz Steinkühler, president of IG Metall, said yesterday more engineering and steel plants will be targeted throughout eastern Germany's five states, perhaps paralysing what remains of the region's industrial sector.

"In my opinion, the strikes will last for quite some time," he said.

"Despite all the ostensible protests from the employers' federations of their readiness to compromise, IG Metall is nevertheless prepared that the conflict over eastern wage contracts will not be settled this week," he added.

Gesamtmetall, the engineering employers' association said the union's decision would lead to a long labour dispute in eastern Germany. More than 40,000 eastern German workers from among 90 enterprises are now taking part in the action. Beginning next Monday, a further 15 plants in eastern Berlin, and nine enterprises from the engineering sectors in Thuringia will start indefinite strikes for the first time.

IG Metall is determined to keep up the pressure on the employers so that they will reinstate a contract, signed in March 1991 with the union, which would have equalised western and eastern German wages levels by next year. That would have entailed pay rises of more than 20 per cent for the steel, engineering sectors in eastern Germany, where wage levels are about 65 per cent of western German levels.

IG Metall insists it is prepared to compromise on a number of issues. These include putting back the timetable towards income parity, as well as compromising on extra Christmas pay, holidays, working hours, and other benefits. But a union official yesterday said that IG Metall would not compromise on the basic wage, the principle of the original contract.

"That is what is at stake," said Mr Michael Böhm, IG Metall's spokesman for Berlin-Brandenburg.

For their part, the employers, especially its members from the *Mittelstand* – the small and medium-sized enterprises – are determined not to reinstate the contract. This strong lobby in Gesamtmetall has more to lose in eastern Germany than the large western German companies who can afford to pay the increases.

# State ultimatum for Air France and SNCF

By Alice Rawsthorn in Paris

MR Bernard Bosson, the French transport minister, yesterday warned that Air France and the SNCF rail group, two of France's largest public sector companies, should reduce their reliance on government support.

His warning reflects the new tough stance of France's new centre-right government towards the public sector signalled earlier this week by Mr Gérard Longuet, industry minister. He announced that state companies could no longer depend on the government to bale them out financially and to protect them from international investors.

Mr Bosson continued this theme by warning that Air France was in such difficulty that "the very existence of the company is at stake". He said the airline should accelerate its restructuring programme and would have to "rely on itself".

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 6000 Frankfurt am Main 1, Germany. Telephone 49 69 156 850. Fax 4969 5964481. Telex 416193. Represented by Edward Hugo, Managing Director. Printer: DVM Druck-Vertrieb und Marketing GmbH, Admiral-Rosendahl-Strasse 3a, 6078 Neu-Isenburg 4 (owned by Hürriyet International).
Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL, UK. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany Advertising) Ltd, London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL. The Company is incorporated under the laws of England and Wales. Chairman: D.C.M. Bell.
FRANCE
Publishing Director: J. Rolley, 168 Rue de Rivoli, F-75044 Paris Cedex 01. Telephone (01) 4297-0621, Fax (01) 4297-0629. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.
DENMARK
Financial Times (Scandinavia) Ltd, Vimmelskaftet 42A, DK-1161 CopenhagenK. Telephone 33 13 44 41, Fax 33 93 53 35.

# EC demands Croats stop attacks in Bosnia

By Robert Mauthner in London and Laura Silber in Belgrade

THE European Community has warned Croatia and the Bosnian Croats that they risk international reprisals if they do not stop attacking Moslems in central and south-western Bosnia, the Danish Foreign Ministry announced yesterday.

It said that Mr Niels Helveg Petersen, Denmark's foreign minister, in his capacity as current EC council president, had sent a sharply worded letter to President Franjo Tudjman of Croatia on Wednesday.

The letter said the Croatian government and its Bosnian Croat allies must swiftly announce their clear intention to end the violence.

"If the Croatian attacks do not stop, the international community will consider stronger measures against Croatia and the Bosnian Croats, similar to the measures being imposed on the Serbs."

Russia yesterday said the states trying to end the conflict in Bosnia had made no firm proposals on what should be done if the Bosnian Serbs reject an international peace plan in a referendum to be held this weekend.

Mr Andrei Kozyrev, Russian foreign minister said in a newspaper interview that no measures, "including severe ones," had been either agreed or ruled out in advance.

His statement echoed remarks by President Bill Clinton suggesting that Washington had become much less keen to go ahead with bombing raids or the selective lifting of the arms embargo to help the Bosnian Moslems, because of European opposition.

Mr Kozyrev said talks on "political, possibly military, and possibly binding measures" should resume after the Bosnian Serb referendum, in the UN Security Council and within the framework of the EC-sponsored London Conference on the former Yugoslavia.

He praised the Serbian government for its support of the peace plan drawn up by Mr Cyrus Vance and Lord Owen, the international mediators, in the face of its rejection by the Bosnian Serbs.

The more the Serbian government continued on this path, the more decisively Russia would support it, he said. This included actions in the UN Security Council "with a view to a stage-by-stage lifting of sanctions and the return [of the rump Yugoslavia] to international organisations."

In Belgrade, officials said a pan-Serbian parliament meeting to persuade the Bosnian Serbs to accept the Vance-Owen plan would go ahead today in spite of being boycotted by the Bosnian Serbs.

The meeting was called by President Slobodan Milosevic of Serbia and the leaders of Montenegro and the rump Yugoslav federation because peace in Bosnia was considered by them to be a matter for all the Serbs. In such a joint session, it was virtually certain that the Bosnian Serbs would have been heavily outvoted.

Rather than fall into this trap, the Bosnian Serbs have preferred to go ahead with what can only be a travesty of democracy, given the war conditions prevailing in Bosnia.

Meanwhile, some 100 Spanish UN peacekeeping troops re-entered the Bosnian city of Mostar yesterday, after being forced to retreat under fire to its outskirts four days ago.

They redeployed after a UN-mediated ceasefire was signed between Croat and Moslem forces. More than 1,300 Moslem civilians detained by the Croats were due to be released.

A Spanish UN officer died in hospital yesterday from wounds suffered in a grenade attack two days ago in Mostar.

# French assurance on Nato

By David Buchan in Paris

FRANCE signalled yesterday it would not allow any disagreement with the US over the right tactics in Bosnia to check its slow move towards a closer relationship with Nato.

"Without returning to Nato's integrated military command, we want to demonstrate that there are more relaxed relations between France and the Atlantic alliance," the Foreign Ministry spokesman said. "We are very attached to the Atlantic alliance and particularly to the presence of American troops in Europe."

A day earlier Mr François Léotard, defence minister, had said France might adopt Spain's compromise towards Nato later this year. Like France, Spanish troops do not come under peacetime Nato command; but unlike France, Madrid sends its defence minister to Nato meetings.

Reuter also reported that France had reclaimed limited voting rights in Nato's supreme military committee. A French official said France had voted on peacekeeping operations discussed by the committee but reverted to non-voting observer status on other issues.

# Pro-Maastricht tide buoys Denmark's Yes-men

**Hugh Carnegy and Hilary Barnes** encounter quiet optimism that vote will be carried

**Danish referendum**

MORALE was high at the Copenhagen offices of the pro-Maastricht European Movement, where young volunteers were busy stuffing envelopes and preparing for a final effort to ensure a Yes vote in next Tuesday's second Danish referendum on the treaty.

"We are better organised this time and we have better co-operation among the political parties," said Mr Lars Bech Pedersen, an organiser of the movement's 150 volunteers campaigning in the capital. "We are more on the street this time, we have got closer to the public."

Those urging a Yes vote have drawn encouragement from opinion polls less than a week to before polling day showing a significant lead for their camp – greater than they enjoyed last June when the outcome was a 50.7-49.3 victory for the Noes.

**The painful memory of the last vote has make Yes campaigners reluctant to assume they will win this time. But two factors give them hope.**

The painful memory of that unexpected result has induced a nervous reluctance among Yes campaigners to assume that they will win this time and lift the cloud of uncertainty that has hung over the European Community since the first vote.

Two factors have given them hope, however.

First, they can argue that most of the Danes' objections to Maastricht have been overcome by the agreement at last December's Edinburgh summit. This allowed Denmark to opt out of the treaty's provisions on defence co-operation, a common EC currency, Community-wide police co-operation and union citizenship.

Second, a change of regime in January putting the country's largest party, the Social Democratic Party, at the head of the government has increased the prospect of left-of-centre voters supporting the treaty. Last June, more than 60 per cent of Social Democratic supporters voted No, in defiance of their leadership. This time, opinion polls suggest that a majority of them will vote Yes.

Mr Uffe Ellemann-Jensen, Liberal Party leader and foreign minister for 10 years until the change of government, negotiated the Edinburgh opt-outs despite his personal belief that Denmark should accept Maastricht without them.

"I was the one who could persuade the other countries to give us the opt-out deal because they knew that when I said it was necessary, it was true. But, to be honest with you, it is the Social Democrats who can deliver a Yes on Tuesday."

The seven of parliament's eight parties who are campaigning for a Yes are all doing so individually, often citing very different reasons. Nevertheless, there is a common emphasis that Denmark should remain a core member of the European club, where it can retain an influence on Europe's future.

Ms Margrethe Auken, a woman priest and member of the left-wing Socialist People's Party, who was trying to persuade her often doubting colleagues at the party's annual congress last weekend, put it this way: "If Maastricht falls because we vote No, at worst European co-operation will break up altogether, and at best, even if it doesn't, Denmark will be without any influence on Europe."

The young campaigners for the European Movement say that an objection they often meet on the street is that the political superstructure of Maastricht will submerge small countries like Denmark.

Said Mr Bech Pedersen: "We say that if there is a No vote you would get a super union of Germany and France and perhaps the Benelux countries, which would not be good for Denmark. That would be precisely the strong Germany that Danes are afraid of."

Last year the Yes campaign made some wild warnings about the economic consequences of a No, which proved counter-productive, he said.

This year, the pro-Maastricht campaigners have played down the scare tactics, but, all the same, the economy is clearly an important issue. One opinion poll indicated that the decisive factor for most Yes voters is that it will lead to a better climate for the economy at a time when unemployment is running at 12 per cent.

"What it comes down to for most people is economic prosperity versus fears of a loss of independence for Denmark," said Mr Pedersen's co-campaigner, Mr Niels Kristensen.

Recognising the potency of the fears about independence, the prime minister, Mr Poul Nyrup Rasmussen, has turned the argument on its head.

"As members of the European Union we shall be adding a dimension to our independence. We must not duck this challenge," he tells his audiences. "So if you are worried about independence, vote Yes!"

Supporters of the treaty have some confidence that the vote will go their way, but they are not taking anything for granted.

"My credibility as a forecaster was severely damaged last year," said Mr Ellemann-Jensen. "I think it will be a Yes this time. But somebody could still goof, and we know, too, that many voters only make up their minds at the last minute."

**OPINION POLLS**

| BEFORE 18/5/93 | Yes | No | Undecided | Not Voting | BEFORE 2/6/92 | Yes | No | Undecided | Not Voting |
|---|---|---|---|---|---|---|---|---|---|
| Gallup 9/5/93 | 46% | 34% | 15% | 5% | Gallup 27/5/92 | 41% | 39% | 17% | 3% |
| Gallup 11/5/93 | 48% | 33% | 14% | 5% | Gallup 29/5/92 | 43% | 37% | 17% | 3% |
| Gallup 12/5/93 | 49% | 32% | 14% | 5% | Gallup 30/5/92 | 43% | 35% | 18% | 4% |
| Gallup 13/5/93 | 49% | 33% | 14% | 4% | Gallup 31/5/92 | 44% | 35% | 17% | 4% |

# Helsinki defiant on pay bill

FINLAND'S government is to present a bill allowing employers to pay 30 per cent below minimum wage if they hire jobless youths, AP reports from Helsinki.

"We are not engaging in slave labour; we are simply giving work to the young," said Mr Esko Aho, prime minister. Unions have threatened strikes if the bill goes ahead.

Unemployment is at a post-war record rate of 17.8 per cent.

# Russian cabinet fails to agree industrial policy

By Leyla Boulton in Moscow

THE RUSSIAN government yesterday failed to agree a long-promised industrial policy because of divisions over how generous the cash-strapped state can be as it tries to tackle inflation.

Yesterday's cabinet meeting was remarkable for splitting along unexpected fault lines, with older conservatives disagreeing among each other rather than clashing with young monetarist-minded radicals.

The cabinet ordered the redrafting of a plan which was supposed to provide selective support for industry after Mr Oleg Lobov – recently appointed first deputy prime minister in charge of the economy by President Boris Yeltsin – widened it to support virtually all economic sectors.

Supported by radicals like Mr Anatoly Chubais, the privatisation minister, Mr Viktor Chernomyrdin, prime minister, said the plan had to focus on priority sectors because the state had to avoid fuelling inflation by printing money.

Mr Ivan Materov, the deputy economic minister, who presented the plan to the cabinet, told a news conference its intention was to support areas which did not enjoy demand now but would do so once the economy pulled out of its "deep depression".

Although the government's priorities have already been defined as energy, food processing, conversion of defence plans to civilian output, transport and telecommunications, Mr Materov said "virtually all sectors, for instance television set production," were worthy of support.

● President Yeltsin, has signed a decree providing specific measures to speed implementation of the government's mass privatisation, his office said yesterday.

**NEWS:** THE AMERICAS

British Chancellor threatens retaliation

# Lamont warns US on unitary tax

By Alison Smith and Andrew Jack

MR Norman Lamont, Britain's Chancellor of the Exchequer, confirmed yesterday that the government would retaliate against US companies unless the dispute over California's unitary system for taxing foreign companies was resolved by the end of this year.

Mr Lamont said that following his meeting last month with Mr Lloyd Bentsen, the US Treasury secretary, he had been assured that the US administration was very keen "to find a solution to the problem that is acceptable".

But to underline the seriousness with which the UK government was treating the issue, Mr Lamont said he had told the Inland Revenue to get information from California-based companies in the UK on the probable impact of cancelling the tax break given to US companies on the dividends they receive from their British subsidiaries.

Sir Michael Grylls, chairman of the Tory backbench trade and industry committee, welcomed Mr Lamont's decision and emphasised the strong political support there was from MPs of all parties for retaliation if it was needed. "President Clinton has totally disregarded the US's international commitments and, unfortunately, US business will now have to pay a very real and high price," he said.

The US Supreme Court is expected to decide today whether to hear a case brought by Barclays Bank, the UK clearing bank, against the Californian system. In a break with the policy of previous US administrations, Mr Clinton this month decided not to file a brief on Barclays' side.

Washington 'keen to find acceptable solution', says Bentsen

Under the unitary system California may assess taxes on companies not on the profits they actually make in the state, but on a proportion of their worldwide earnings.

It will be very simple and quick for the UK government to launch retaliatory action.

In direct response to the Barclays case, it inserted a clause in the 1988 Income and Corporation Taxes act designed to remove tax credits from non-resident companies connected with states where the unitary system is employed .

Parliament would simply need to approve a statutory instrument to bring this into effect. Alternatively, more detailed measures could be introduced into the new Finance Bill following the next budget in November.

Mr Peter Parsons, a tax partner with accountants Touche Ross, said: "This is something that we've all been expecting and hoping for. It is entirely appropriate. The US is not going to listen unless some specific measures are taken. The numbers involved will impact quite significantly back at head office in California."

A US Treasury spokesman said that the administration would "work with California in trying to address the concerns the UK government has raised."

In a squeeze over tax, Page 14

# Compromise reached on Clinton tax proposals

By George Graham in Washington

DEMOCRATS on the US Congress's main tax committee have agreed to make significant alterations to some of President Bill Clinton's tax proposals but to preserve the broad outlines of his plan.

The compromise bill agreed by the House of Representatives Ways and Means Committee still faces a rough passage in the full House and an even bumpier ride in the Senate. It will make a smaller increase in the corporate tax rate than Mr Clinton had proposed and allow substantial exemptions to the new energy tax that is to be assessed on the thermal content of fuels.

But Mr Clinton welcomed the new bill, brokered by Mr Dan Rostenkowski, the Illinois Democrat who chairs the Ways and Means committee. He said the changes did not "reduce the overall contribution from the business sector, they just shifted the way it comes."

As expected, Mr Rostenkowski's compromise would increase the corporate tax rate from 34 to 35 per cent, rather than 36 per cent as Mr Clinton sought, but would abandon the administration's proposal for an investment tax credit.

It will also drop the administration's plan for new regulations to increase the tax rate on foreign royalty income.

Clinton at a fundraising dinner: welcomed new bill

After giving way to farmers and airlines over some elements of the energy tax, the administration will also have to give ground to the aluminium industry, a heavy user of electricity which has won an exemption from the tax.

Mr Rostenkowski will revive a measure to repeal the luxury tax on boats, aircraft, furs and jewellery, which was passed by Congress last year but vetoed. The luxury tax has been criticised by senators from both parties for the damage it has done to the yacht building industry.

The bill preserves the largest component of Mr Clinton's plan, an increase in the income tax rates on the wealthiest 2 per cent of taxpayers.

# Brazil's finance minister stays

By Bill Hinchberger in São Paulo

MR Eliseu Resende, Brazil's finance minister, remained in office yesterday after being questioned in the Senate on Wednesday about alleged favours from the ministry to his former employer.

The consensus among legislators was that Mr Resende emerged strengthened from the session. Senators queried him over proposed loans for Peru and Ecuador which have been earmarked to finance construction work by Norberto Odebrecht, the construction company where Mr Resende worked from 1983 to 1990. Mr Resende maintains that the loan approval was routine.

Before the session ended, President Itamar Franco released a message of confidence in Mr Resende through his press secretary.

However, a presidential press release that was expected after the senate session was not distributed, leading to speculation that Mr Resende's future may still be in doubt.

If he is replaced, his successor would be the country's fourth finance minister in less than eight months. These shuffles are believed to be stalling progress in talks with the International Monetary Fund.

A wider shake-up of Mr Franco's government may be forthcoming. Ms Yeda Crusius resigned as planning minister last week after expressing irritation over the limited role she was allowed in preparing the government's economic recovery programme.

# Monet sells in NY for $9.7m

A LARGE marine painting by Claude Monet, completed in 1868 when the 28-year-old artist was living with his aunt on the Normandy coast, sold for $9.68m at Christie's in New York on Wednesday night, Antony Thorncroft writes.

"Jetty at Havre" was sent for sale by the Japanese inventor Motoaki Ishizuka and bought by a private European collector.

The price was near the high end of Christie's pre-sale estimate and set the seal on a very successful auction: 48 of the 60 lots of impressionist and modern art on offer found buyers, for a total of $48.5m and in terms of value the auction was almost 90 per cent sold.

Taken with Sotheby's success on Tuesday in selling a Cézanne for $28.6m and a Matisse for $14.3m it confirmed that buyers have returned at the top end of the international art market.

Two pastels of dancers by Degas also sold well. A late work, "Danseuses Russes", based on the visit of a troupe of Russian folk dancers to the Folies-Bergère in 1895, made $6.27m, almost double its estimate, and "Deux danseuses au foyer", two gossiping girls, also beat its target at $2.6m.

The tide started to turn for impressionist and modern paintings at the December auctions in New York.

# Argentina repeals controversial 'disobedience' law

By John Barham in Buenos Aires

ARGENTINA'S Congress has repealed a century-old "disobedience" law used by civilian and military governments – including the present government of President Carlos Menem – to muzzle press criticism and intimidate public opinion.

The Senate voted unanimously on Wednesday to scrap the law. Mr Menem formally proposed repealing it last July in response to attacks on his use of the measure. The law's last victim was a woman arrested making an obscene gesture at Mr Menem.

President Juan Perón greatly strengthened 19th-century statutes that made insulting the dignity or decorum of an official a criminal offence. In 1950, Perón extended the scope of disobedience, or *desacato*, to undermine congressional immunities, close newspapers, and jail political opponents.

Although Argentina returned to civilian rule in 1983, the disobedience law remained an obstacle to full press and political freedom.

Mr Menem's critics admit he never jailed an opponent or closed a newspaper, but say he has used the threat of legal action as a form of intimidation. Mr Menem has replied to these complaints by doing away with the law. However, opponents are still not satisfied. They say Mr Menem and other politicians abuse slander, libel and defamation laws to silence criticism.

Mr Luis Moreno Ocampo, a former federal prosecutor, says Mr Menem is paradoxically introducing overdue reforms of the political and legal system – such as repealing the disobedience law – while concentrating power in his hands and dismantling constitutional checks and balances on the government.

● Mr Menem is to meet President Bill Clinton in Washington next month, Argentina's Foreign Ministry has announced. The two presidents are to meet on June 29 for talks on trade, security and bilateral issues.

# Mexicans relieved at choice of ambassador

By Damian Fraser in Mexico City

THE Mexican government has reacted with relief to reports that the new US ambassador to Mexico will be Mr James R. Jones, chairman of the American Stock Exchange and a former politician with good contacts in the US Congress.

The government and US officials believe Mr Jones has influence on Capitol Hill that should be helpful in the run-up to the vote on the North American Free Trade Agreement, expected this year. Mr Jones was a Democratic congressman for 14 years, chairman of the powerful budget committee for four years, and before that a top aide in the Johnson White House.

A senior Mexican official said: "He is a very adequate person for the circumstances. He has a long relation with Congress, is close to Clinton and knows about trade between Mexico and US. All the opinions have been very favourable."

A US official added that Mr Jones "would send a strong positive signal to Mexico about Nafta and bilateral relations if nominated and confirmed."

During his presidency of the American Stock Exchange, the US's third largest exchange, Mr Jones introduced a series of innovative trading instruments that helped to make up for a slowdown in traditional equity trading business. Foreign currency warrants were especially successful.

# Past crises haunt last lap of Salinas term

## Mexico's president gambles on Nafta to beat current account deficit, writes **Damian Fraser**

THE prospect of a financial or political crisis haunts the last leg of Mexican President Carlos Salinas de Gortari's six-year term. After all, the last three presidential terms ended disastrously with steep devaluations, debt defaults or street protests against electoral fraud.

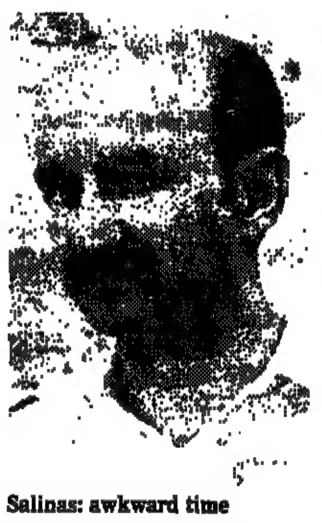
While an outright political or economic crisis such as those of previous years seems unlikely, many are already predicting an awkward and difficult time before elections in September next year.

Observers point to the instability associated with the transition from one all-powerful president to another. With the president exercising such power, rumours and speculation over the succession can easily rattle financial markets and make powerful interest groups tremble at the prospect of policy shifts.

Perhaps above all, analysts worry about the huge gamble the president has taken in betting so much on the North American Free Trade Agreement. Were it to be rejected by the US Congress in the vote scheduled for later this year, investors might be unwilling to finance Mexico's huge current account deficit, possibly provoking a devaluation.

The pro-US, so-called technocrat wing of the ruling party would also suffer a setback, while the nationalist wing, and hitherto divided and weak opposition parties would receive a boost.

The government is arguing things are different this time. "The vicious circle of debt, budget deficits and inflation has been broken," says Guillermo Ortiz, under-secretary of finance. With debt down to a manageable 28 per cent of gross domestic product from 62 per cent in 1988, public finances in surplus, and inflation nearly at single digits, the economy is less vulnerable to sudden shocks, he argues.



Salinas: awkward time

Officials deny the rejection of Nafta would lead to any significant reversal in policy – although it might make the political situation more unstable. On the contrary, says one government minister, Nafta would put pressure on the government to push ahead with more economic reforms as a way of reassuring financial markets that the country's economic strategy had not changed.

Were Nafta delayed, or called off, the question of the succession would loom even larger than in the past, as Mexicans and foreigners alike speculate over the likely reaction in Mexico to the US rejection of the treaty.

The concern is particularly acute because traditionally Mexican presidents lose some control over the political process as in-fighting over the succession rises, and attention begins to shift to the next presidential term. While far from his being a lame duck, there are nonetheless some signs that President Salinas is losing his once steady political touch.

In February the president was forced to back down on a scheme to solicit $25m from the country's 30 wealthiest businessmen for the ruling PRI party in the face of intense domestic and international criticism of business's generous donations.

"Three years ago Mr Salinas would have got away with raising such large sums," says Mr Federico Estevez, a professor of political science at the Instituto del Tecnologia Autonomia de Mexico, "but now his control is slipping."

More recently the government has had to back down on a plan to postpone elections for governor in the opposition stronghold of Yucatan, after vehement local and national protests.

The government's vulnerability is heightened by the delicate state of the economy. It has been forced to let interest rates rise to 8 per cent in real terms and run a budget surplus to slow import growth and try to counter a current account deficit expected to be $25bn this year. This is expected to cut economic growth to 2 per cent this year from 2.6 per cent last.

The Salinas administration is keen to encourage growth to accelerate by the time of the elections next year. It is thus banking heavily that Nafta will attract to Mexico more direct foreign investment, and thus allow lower interest rates and more government spending without endangering the exchange rate.

But while the anxiousness of the government is palpable, a serious crisis in the economy or sudden reversal in policy still seem improbable.

Mr Miguel Basanez, head of the polling organisation Mori of Mexico, and often a critic of the government, puts the odds of a political or economic crisis at no more than 10 per cent.

"Things are still under control, the president is popular, and the economic team and policy is better than in the past," he says.

The Mexican government has fought hard for macro-economic stability, and the consensus is that President Salinas will not throw everything away in a fit of pique at the US.

Mr Pedro Aspe, Mexico's finance minister, says: "Fiscal and monetary policy has been exactly the same in 1989, '90, '91, '92, '93 and it will be exactly the same in 1994. We do not use stop-go [policies]."

The government also has more than $20bn in foreign reserves as a cushion against sudden outflows of capital.

Similarly, the succession itself is not likely to throw up any surprises. All the favoured candidates from within the ruling party worked under Mr Salinas in the budget ministry in the mid-1980s, share broadly his economic vision and studied economics or public administration at US universities.

Even Mr Cuauhtémoc Cárdenas, the head of the leftist Party of Democratic Revolution who as an independent candidate came close to beating Mr Salinas in the disputed presidential election of 1988, says were he elected president he would not take Mexico back to its protectionist, inward-looking past.

# India seeks loan extension from IMF

By Stefan Wagstyl in New Delhi

INDIA, which is in the midst of wide-ranging economic reforms, plans to ask the International Monetary Fund to support its programme for a further three years.

India has been borrowing from the Fund to help finance its external account under a two-year stand-by arrangement which expires this month. Indian officials plan to negotiate a three-year loan under the IMF's Extended Fund Facility – a medium-term programme designed to finance structural change.

Indian officials secured broad agreement from the IMF for the three-year scheme earlier this month, during the annual spring meeting of the IMF and the World Bank in Washington, where Mr Manmohan Singh, finance minister, met Mr Michel Camdessus, IMF managing director.

However, detailed negotiations over the terms of the new loan will not begin until July or August this year. They could prove difficult since the IMF is likely to demand firm commitments to further economic reforms.

India has so far fulfilled most of the conditions imposed by the IMF on loans taken since the start of economic reform in mid-1991. These included cuts in government borrowing, financial deregulation and reductions in import barriers. However, the IMF's economists believe more needs to be done – such as further reductions in government borrowing, changes in labour law and banking reform.

Reform-minded Indian officials accept that much more must be done to fully liberalise the Indian economy. But there is strong political opposition to some proposed reforms – such as curbing subsidised bank loans to state-owned industries and to farmers, and increasing employers' rights to sack workers.

Before the visit to Washington, Indian officials hinted that they may delay negotiating the new three-year programme because the country's foreign reserves are about \$1bn higher than expected at just under \$7bn.

This is principally because imports have grown less strongly than anticipated over the past year. Import growth has been held back by a prolonged slowdown in Indian industry.

A senior finance ministry official said this week India did not intend to postpone negotiations, which would be held in July or August.

# Peace is imposed on a still troubled Punjab

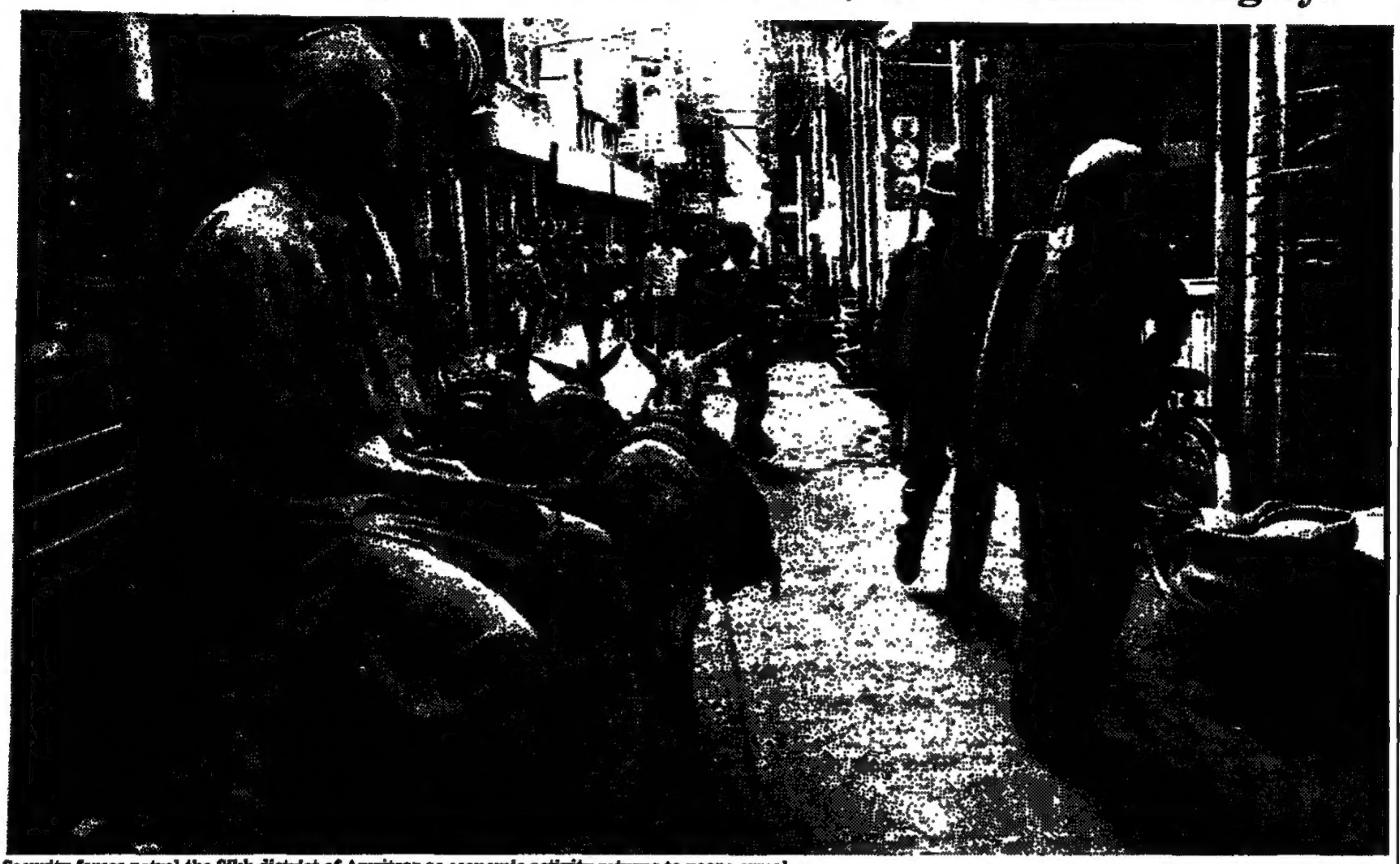
## With it comes the first stirrings of economic revival, writes Stefan Wagstyl

A YEAR ago Mr Madan Singh Bharara, the owner of a bicycle factory in India's troubled north-western state of Punjab, could run only one shift a day. His workers would travel to work only by daylight for fear of being attacked by the Sikh insurgents who had terrorised the Punjab for nearly a decade.

But last summer, Mr Bharara was able to start a second shift. And this winter a third. "People are not frightened any more. Even migrant workers are coming back from other states."

Peace is returning to the Punjab. In the first four and a half months of this year 38 died in terrorist attacks, compared with 1,518 last year and 2,591 in 1991. And with peace are coming the first stirrings of a economic revival.

But many Punjabis are still wary because terrorism has been suppressed only by one of the toughest police campaigns seen in India. There are doubts whether such an enforced peace can last unless the central government also tries to settle the grievances which first drove the militants to arms. As a Sikh senior official of the Punjab state government says: "Sikh frustrations are still there."



Security forces patrol the Sikh district of Amritsar as economic activity returns to near normal

Sikhs dominate the Punjab, a fertile and wealthy state where they account for 70 per cent of the population, but are a small minority in the country as a whole. Sikhs often do well, especially in the army and the civil service, but still believe their state gets less than its fair share of the national pie.

Sikh frustrations led to a growing separatist movement which Mrs Indira Gandhi's government attempted to suppress in 1984 with Operation Bluestar – the storming of the Golden Temple in Amritsar, the Sikhs' holiest shrine. Outraged Sikhs reacted by giving support to militant groups demanding an independent Sikh state of Khalistan.

As late as 1991, it seemed that there was little the central government could do to turn back the tide, especially as the militants were getting aid from inside Pakistan. While the security forces managed to keep a grip on the cities, terrorists had the run of large swathes of countryside.

But everything changed in late 1991 with the advent as police chief of Mr K P S Gill, himself a Sikh and one steeped in the Sikhs' traditional love of battle. He relished the opportunity to fight for control of his home state, pitting, as he once said, one group of Sikh warriors (the police) against another (the militants).

Mr Gill turned conventional wisdom on its head by withdrawing the army from front-line positions and replacing it with the police. He also armed his men with semi-automatic weapons and trained them to shoot terrorists.

Mr Gill exploited a growing revulsion with the insurgents among ordinary Sikhs who grew weary of indisciplined militants indulging in indiscriminate murder, rape and robbery.

Meanwhile, leaders of the Akali, the Sikh political organisation, badly misjudged their hand in February 1992 when they urged a boycott of state elections. They claimed success when only 20 per cent of voters turned out. But it was a pyrrhic victory since the new non-Akali government backed Mr Gill to the hilt.


Mr Gill, who has earned national note as the hard man of the Punjab, roundly declares that the Punjab is now the safest state in India since the suppression of terrorism has brought with it a marked decline in general crime.

> Sikh political leaders say safety has come at a high price. 'If we have peace, it is the peace of the grave,' said one

Sikh political leaders say safety has come at a high price. "If we have peace, it is the peace of the grave," says Mr Gurtej Singh, a militant activist with close knowledge of the armed groups.

Mr Ajit Singh Bains, a former high court judge and chairman of a human rights watchdog committee, says: "Kidnapping by the police, rapes and extra-judicial executions are the order of the day. The Golden Temple is still surrounded by the security forces."

Mr Gill raises his eyes at the mention of police excesses. "Ah, the human rights question," he says disdainfully. He says that individual police officers have been punished and even prosecuted for using excessive force, but there is no question of any general breakdown in police discipline. "Order has been maintained."

Most Punjabis are less interested in Mr Gill's methods than in his results. In Chandigarh, in nearby villages and in Ludhiana, the state's industrial centre, the overwhelming feeling is of relief that terrorism seems beaten.

Mr Hakem Singh, an Akali member and a municipal councillor in Ludhiana, says: "People used to have sympathy for the militants and they were also afraid. Now they are glad the threat has almost gone."

A key issue is jobs in the Punjab, especially for educated youths who no longer want to stay on their parents' farms and who might be tempted to become militants.

Agricultural output in the Punjab kept growing steadily throughout the 1980s. But industrial growth fell from 10 per cent a year in the late 1970s to below 5 per cent. Now Mr A S Chattha, the state's chief secretary, expects a strong recovery. He accepts that it will be time before industrialists make large investments in the Punjab, but there is great scope for smaller projects, including engineering workshops and foundries, hosiery mills and battery farms.

Even when terrorism was at its height, the above-average skills of Punjabi workers tempted Fujitsu, the Japanese electronics group, into establishing a modest joint venture factory to produce telecommunications equipment. Pepsico, the US food and drinks conglomerate, built a food processing plant.

In his bicycle factory, Mr Bharara says that until three months ago, his foreign customers refused to see him in the Punjab; meetings were held in Bombay. Now they have started visiting Ludhiana.

# UN may take over global war on Aids

By Frances Williams in Geneva

THE World Health Organisation is to examine how the United Nations system can tackle Aids more effectively, a move likely to see other UN agencies taking a bigger role in fighting the worldwide epidemic.

WHO members are expected today to give the go-ahead for a study into the benefits of a joint UN programme on Aids. The resolution has been sponsored by 34 rich and poor countries, including the US, Britain and Japan.

Dr Michael Merson, head of the WHO's global Aids programme, said yesterday that the goal of the study would be to identify how to use existing financial and human resources most effectively, how to raise new resources and how best to apply "what we know".

This meant education for safer sex and the treatment of other sexually transmitted diseases which increased the risk of Aids. Dr Merson said about 15 experimental vaccines were undergoing safety trials but "I don't think we will have a vaccine for prevention of HIV (the virus that causes Aids) or Aids before the end of the decade".

The WHO says some 13m people in the world have been infected with the HIV virus and this could rise to 30m-40m by the year 2000. The resources needed to tackle the pandemic effectively are huge. Dr Merson said the cost of preventive work in developing countries was an estimated \$2.9bn a year. The WHO global Aids programme has an annual budget of about \$85m.

The other agencies involved in the study, to be presented to the WHO's executive board next January, are the UN Development Programme, the UN Children's Fund (Unicef), the UN Population Fund, the UN Educational, Scientific and Cultural Organisation (Unesco) and the World Bank.

WHO officials say they back the study fully, and expect the agency to take a leading role in any joint UN Aids programme. But the loss or erosion of its flagship programme will be seen by some as a further blow to the organisation's prestige, following the row surrounding last week's re-election of WHO's Japanese director-general, Dr Hiroshi Nakajima.

The 93-58 vote by the World Health Assembly to confirm Dr Nakajima in office for a second five-year term showed a high degree of support for western criticism of his leadership and concern about an external audit revealing financial irregularities in contracts for executive board members.

US and EC diplomats say they will work behind the scenes to ensure that Dr Nakajima carries out the administrative and organisational reforms he has promised.

# Plea to reduce debt burden

NON-ALIGNED ministers yesterday ended a three-day meeting abandoning the polemics of the past and declaring war on the developing world's "crippling crisis of indebtedness", Reuter reports from Nusa Dua.

The Non-Aligned Movement (NAM), seeking to end its traditional hectoring of western nations, issued a final press communiqué full of calls for greater self-help and a two-way partnership between rich and poor nations.

Mr Ali Alatas, Indonesian foreign minister and chairman of the gathering, acknowledged the movement's past faults and offered a vision focused on improving the lot of its members.

"We have indeed learned the precious lessons of our past experiences in economic and social fields. Accordingly we have reassessed and determined our strategy in a vastly changed international situation... in order to solve the global economic problems of our time," he said.

Ministers from Africa, Asia, the Americas and Europe, ending their gathering on the island resort of Bali, presented an agenda based on modest but specific measures.

Delegates said attempts by Pakistan, North Korea and Palestine to insert their own unilateral issues into a final document were swept aside.

Instead the meeting, attended by 74 countries, discussed ways of starting a dialogue with the rich North and of promoting ties among its own members.

Ministers backed an initiative by current NAM chairman Indonesia to have President Suharto address a summit of the Group of Seven leading industrial countries in Tokyo in July on behalf of the movement. The G7 has so far been lukewarm about the proposal.

The communiqué called for at least three panels of experts to be set up to collate data on debt, development and food but stopped short of recommending an economic summit as suggested by some delegates.

Of particular concern are the massive debts – which last year touched \$1,400bn – hanging over members.

Ministers also called for a boosting of growth in the South, which would in turn foster a net transfer of financial resources to debtor countries to prevent poorer nations falling back into a vicious cycle of debt.

# Talks end as PLO rebuffs US proposal

By Roger Matthews in Washington

THE NINTH round of Middle East peace negotiations ended without any sign of progress yesterday after the first direct US attempt to bridge differences had been rebuffed by the Palestine Liberation Organisation.

Mr Yasser Abed Rabbo, a member of the PLO executive committee, said a US document, submitted late on Wednesday, openly sided with Israel and was "a dangerous step" in the peace process.

The Palestinian negotiators in Washington refused to attend the meeting with US and Israeli officials at which Washington's compromise formula was presented. Mr Abed Rabbo claimed that the US document had been agreed in advance with the Israelis. "It was an Israeli document to which the Americans had given another name," he said.

The US proposals, which seek to find common ground on a statement of general principles covering interim self-government for the Palestinians in the occupied territories, were later delivered to the Palestinians.

A senior member of the Palestinian delegation said, however, that the document had not been rejected out of hand.

State Department officials stressed that the proposals were further evidence of the US commitment to become a "full partner" in the peace process, as promised by President Bill Clinton. It is the first time since the Madrid conference 18 months ago that the US had presented proposals on substantive issues.

The ninth round of negotiations, which opened more than two weeks ago after a gap of four months, had already become bogged down over Palestinian accusations that Israel and the US had reneged on promises made to bring them back to the negotiating table. At the weekend the Palestinians reduced their negotiating team from 14 to three and halted work on three sub-committees.

They cited the continued killings of Palestinians by Israeli troops, and the worsening economic conditions in the West Bank and Gaza caused by the sealing off of the territories, as evidence of Israeli bad faith.

Those members of the Palestinian delegation most concerned about the erosion of their support at home are openly sceptical about the value of continuing the negotiations.

# New town ignites Singapore 'China fever'

By Kieran Cooke

THE HEADLONG rush by Singapore companies to invest in China has entered a new phase with the signing of an agreement between the Singapore authorities and the Chinese to develop an industrial township in Suzhou, near Shanghai.

The agreement proposes developing a 70 sq km new town – already called "Singapore II" by the Singapore press – using Singapore's integrated planning approach as a model. The hope is to attract US$20bn (£12.9bn) of investment in the new town, which will eventually have a population of more than 600,000.

Mr Lee Kuan Yew, Singapore's senior minister, who was present at a signing ceremony is Suzhou, said Singapore would transfer its planning expertise and knowhow to the Chinese. In the process Singapore could make the connections vital to winning contracts.

"If we transfer this asset over seven to 10 years, it will be useful to them and in the process we will get to know them well at different levels... that's the trade-off," he said.

Under the terms of the preliminary agreement the Singapore Labour Foundation, a quasi-state body, and the Suzhou municipal government will put together a consortium of companies to work on the new town. "It is a microcosm of what we've been doing in Singapore," said Mr Lee.

The Sembawang group of Singapore has meanwhile signed an deal with the Suzhou authorities to build power plants capable of producing 2,400 megawatts of electricity. Suzhou is part of Jiangsu province, China's fastest growing economic region.

A Singapore-based analyst said the Suzhou town project could mean multi-million dollar contracts for Singapore companies. "But things are never simple in China. In the past agreements have been signed but nothing has come of them – it's going to be a time before we know just how much the deal is worth," Mr Lee said.

"China fever" has been rampant in Singapore since Mr Lee made a highly publicised trip to China last year. He returned to chastise Singaporeans for their lack of entrepreneurial zeal and urge the island republic's companies to follow the example of their counterparts in Hong Kong and Taiwan and invest more in China.

Mrs Wu Yi, China's minister for foreign trade and economic co-operation, told a trade seminar this week in Singapore that in 1992 Singapore companies became involved in more than 700 projects in China with a total investment value of $997m. This compared to total Singapore investments in China of $897m over the entire 1979-91 period.

See Editorial Comment

Zhu Rongji, Chinese vice premier: "We have adopted rather prudent fiscal and monetary policies"

# China puts the brake on rapid economic growth

By Alexander Nicoll, Asia Editor

CHINA yesterday gave the clearest indication yet of its worries about too-rapid growth and indicated the steps it is taking to slow down the economy.

Mr Zhu Rongji, the vice premier who has additional duties during the absence due to ill health of premier Li Peng, told foreign ex-heads of government meeting in Shanghai that worry about overheating was "understandable, and it is also a major concern to myself."

"Over the past six months, industrial growth has been too fast, investment has heated up, inflationary pressures gradually accumulated, financial and monetary markets grown tight, and disparity between regions in terms of economic development widened," Mr Zhu said.

"Indeed, there is a danger of macro-economic imbalance. Although these phenomena are not yet uncontrollable or unbearable, the Chinese government pays great attention to them."

"Since the beginning of this year, we have adopted rather prudent fiscal and monetary policies. Meanwhile, we will adjust the intensity in the implementation of our macro-economic policies whenever required by the economic situation."

Mr Zhu said growth would be at least 10 per cent this year, compared with 12.8 per cent in 1992.

Foreign economists said there was evidence that a squeeze on credit was already having an effect. Mr Hugh Peyman, regional strategist for Asian Capital Partners in Singapore, said foreign companies are being asked for capital by their Chinese joint venture partners.

He forecast that growth would drop to a 5.5 per cent annual rate by the second quarter of 1994 – though it would quickly rebound – and that inflation would rise to 13 per cent in the third quarter of this year compared with 8.6 per cent in the first quarter.

# Taipei to constrain mainland investment

By Simon Davies in Taipei

THE TAIWANESE government is seeking to slow the island's rapid corporate expansion into the Communist mainland by placing restrictions on listed companies' activities in China.

This is Taipei's first move to constrain investment flows across the Taiwan straits since it lifted travel restrictions in 1987.

Under current regulations, Taiwanese companies are permitted to invest in a large number of mainstream business activities in China, but only via a third country.

However, the Securities and Exchange Committee (SEC), which regulates the Taipei stock market, yesterday announced it will prohibit companies from raising capital on the stock market to fund China projects. Listed companies will also be required to gain shareholders' approval for any investments in the mainland.

The SEC said the decision was in line with current government policy. However, brokers said it would have a very limited effect on listed companies, which can easily restructure financing for China projects. It is estimated that close to 20 per cent of the Taipei stock market's 260 companies have already announced investments in China.

The government estimates that around 4,000 of the island's companies have invested US$3.5bn in China, while unofficial estimates suggest the figure is more than US$7bn.

Given the strengthened economic links between the two enemies, there has been increasing pressure from Taiwan's business community to lift prohibitions on direct transport, investment and postal links across the Taiwan straits. Last month, China raised the issue of the "three links", when the two sides met for the first time since 1949 at the Koo-Wang talks in Singapore. But Taiwan remains anxious to retain what a government spokesman admitted was a "political pawn".

# Vietnam seeks investment from S Korea

By John Burton in Seoul

MR VO Van Kiet, the Vietnamese prime minister, arrived in Seoul yesterday on a four-day visit to seek Korean investment. He is the most senior Vietnamese official to visit South Korea since the two countries established relations last December.

Korea is already the sixth largest foreign investor in Vietnam, with $343m.

Besides signing agreements on trade and investment guarantees, Mr Vo Van Kiet will tour the industrial facilities of Korea's biggest conglomerates.

Korean investment in Vietnam is expected to increase once the US lifts economic sanctions against Hanoi, which will permit international financial institutions such as the World Bank to provide credit for infrastructure projects.

Korea's big construction companies, including Hyundai, are seeking contracts to build or repair roads and port facilities. Natural resources are also attracting the attention of Korea's leading conglomerates, which are seeking oil exploration rights in offshore fields.

Meanwhile, joint ventures are being established. Pohang Iron and Steel (Posco) is building two steel facilities in Vietnam and it announced yesterday it would build an agro-chemical plant in co-operation with Daewoo, another Korean conglomerate. Samsung, which has operated in Vietnam for the last decade primarily as a general trading house, wants to set up fertiliser and containers factories.

Daewoo has signed contracts for a $60m hotel, a truck assembly plant and TV picture tube plant, and Lucky-Goldstar is installing digital switching systems for Vietnam's telecommunication network.

● Mr Qian Qichen, the Chinese foreign minister, will hold discussions in Seoul next week on resolving the North Korea nuclear problem.

South Korea is relying on China to help persuade Pyongyang to reverse its decision on withdrawing from the nuclear non-proliferation treaty (NPT), which takes effect on June 12.

China, North Korea's most important ally, abstained on Tuesday on a United Nations resolution urging Pyongyang to return to the NPT. It is still uncertain whether China will support economic sanctions against Pyongyang if it leaves the NPT.

Beijing has argued that no international pressure should be placed on North Korea and the nuclear issue should be solved through negotiations.

# Yemeni poll success ignites Saudi worries

By Eric Watkins in Sana'a

THE ARRIVAL in Sana'a this week of senior envoys from the US and Saudi Arabia has underscored the growing international significance attached to the successful outcome of Yemen's April 27 elections.

As the first multi-party poll ever held in the Arabian peninsula, the Yemeni elections have been viewed as a potential harbinger of democratic change in the Arab world. But the US and Saudi envoys, while granting qualified praise to the Yemeni achievement, have nonetheless sought to limit it in the interests of regional stability.

Mr David Mack, the US deputy secretary of state for Middle Eastern affairs, affirmed US support for Yemen's transition to democracy, but Mr Mack warned Yemenis against thinking they could impose their political "blueprint" on neighbouring countries. "It is important to remember that no country has a blueprint for democracy in another country... So I don't think you should look on what you do here as a model for anyone else to follow," he told Yemeni journalists.

Mr Mack denied that Saudi Arabia or any other country in the region had expressed concern over the Yemeni elections and said that governments in the area were not "surprised" at US support for democracy in Yemen. That view was apparently confirmed by a visit on Tuesday by Dr Abdulaziz al-Khuwaytir, Saudi Arabia's education minister.

But diplomats in Sanaa suggest that Dr al-Khuwaytir's visit is an outward show of support which masks deeper Saudi concerns. "The last thing Saudi royalty wants on its doorstep is a successful little democracy in Yemen," one western diplomat said.

A Gulf diplomat suggests that the Saudis may also be concerned about a potential Yemeni threat to their hegemony in the region. "The Saudis are taking a longer view of political development in the area and recognise that in 10-15 years Yemen could be an important political rival in the Arabian peninsula. Already other Gulf countries are looking upon Yemen with interest. So it is better for the Saudis to appear friendly at this point than to appear unfriendly and run into trouble down the road," he said.

Yemen's leaders, aware of the Saudi unease, have already stated their disinclination to impose their new political model elsewhere. "We are not in the business of exporting democracy," Vice President Ali Salem al-Beidh told the Financial Times before the elections.

Yemen's voting resulted in no clear-cut majority for any party, but between them the current ruling coalition of the General People's Congress and the Yemeni Socialist party won enough of the 301 seats in parliament to form a government. In power since the unification of North and South Yemen nearly three years ago, the GPC and YSP on Monday signed a political charter renewing their alliance.

# German orders likely, says Qichen

CHINA is likely to place large orders with east German firms, Chinese Foreign Minister Qian Qichen said yesterday, Reuter reports from Bonn.

Speaking to journalists at the end of a three-day visit to Germany, he said China was pleased that Bonn had barred the sale of warships to Taiwan earlier this year.

It might buy items such as river barges and railway carriages from east Germany, Qichen added, but he did not specify the likely size of any orders.

The Bonn government has said German firms are negotiating 300 projects in China, with a total value running into billions of dollars.

Qichen described his visit, during which he met Chancellor Helmut Kohl and other leaders, as a success and said relations between the two countries had entered a new phase.

Germany, eyeing the vast markets of China, has been pushing to normalise relations since Bonn lifted sanctions imposed in protest at Beijing's killing of pro-democracy student demonstrators in June 1989.

In January it barred the sale of 10 submarines and 10 frigates worth DM12bn ($7.4bn) to Taiwan for fear of angering China, which disputes Taiwan's sovereignty.

German government sources said they could not exclude the possibility that Kohl might accept a long-standing invitation to visit China but no date had been fixed.

The German branch of the human rights group Amnesty International said the human rights situation in China remained serious, with torture common in prisons and the number of executions rising alarmingly.

● Shanghai Airlines, China's first independent airline, yesterday ordered five Boeing 767-300 widebody jets worth $450m, adds Paul Betts.

The deal follows the order last month by Civil Aviation Administration of China (CAAC) for 20 Boeing 737 and one 757 aircraft for a total of $800m.

## NEWS IN BRIEF

# US changes tack on African debt

THE CLINTON administration has pledged to write off a small portion of African debt, in a departure from the hostility to debt forgiveness of preceeding Republican administrations, writes Leslie Crawford.

Up to now, the US was the only leading industrial country to refuse to cancel official debt when African countries came to the Paris Club of creditor nations for debt reschedulings.

Mr Lawrence Summers, US under-secretary for international affairs, told an African Development Bank meeting in Abidjan the new policy was "a valuable first step".

He earlier told a US congressional committee that with an investment of only $14m (£9m) over the next two fiscal years, the US could erase $228m in debt for as many as 18 of the poorest countries, most of them located in sub-Saharan Africa. Although the initiative is expected to win congressional approval, it will only make a small dent in the $255bn Africa owes its donors.

## S African economy grows

The South African economy has grown for the first time in 18 months and economists said they were cautiously optimistic that the country's longest recession might be coming to an end, Reuter reports from Johannesburg.

The Central Statistical Service released figures yesterday showing that gross domestic product, seasonally adjusted, had risen at the equivalent of 0.8 per cent a year in the first quarter of 1993. It was the first growth since the third quarter of 1991, when the economy grew 0.7 per cent.

## UN to withdraw forces

The United Nations is to withdraw its 236 "blue helmets" from northern Iraq because it has no funds to keep them there, Reuter reports from Geneva.

Officials said yesterday the first 50 guards would be pulled out today and the remainder by mid-June unless western governments responded before then to urgent UN appeals for funds. The first batch of the guards were sent to Iraq after the 1991 Gulf War to help protect Iraqi Kurds in the north of the country who had rebelled against President Saddam Hussein.

● Mr Tam Dalyell and Mr George Galloway, two UK Labour party MPs, have arrived in Iraq to explore the effect of sanctions and tour the southern marshes. They are the first British MPs to travel to Baghdad since the Gulf War.

## Three challenge Rafsanjani

Iran's President Ali Akbar Hashemi Rafsanjani will face three challengers in elections next month he is widely expected to win, Reuter reports from Nicosia. The other candidates are Mr Ahmad Tavakkoli, former labour minister and editor of the pro-private sector newspaper Resalat; Mr Abdollah Jasbi, chancellor of the Islamic Open University and a Rafsanjani protegé; and Mr Rajabali Taheri, a former member of parliament.

## Bangkok fire offer

Kader Industrial, the Hong Kong company with a 40 per cent stake in the Thai toy factory where at least 209 workers died in a fire this week, said yesterday the plant would compensate victims' families, Reuter reports from Hong Kong. It will pay about six months' wages to relatives of the deceased and two months' to the injured. Workers at the toy factory said they made between $120 and $160 a month.

## Daiwa ex-employees held

Two former employees of Daiwa Securities, Japan's second-largest brokerage, were arrested yesterday on suspicion of defrauding two companies of Y2bn (£11.7m), AP reports from Tokyo. They told the unidentified companies they were conducting a campaign to expand Daiwa's business of storing stocks and bonds, police said. The companies handed these over and the two then allegedly diverted them for their own use.

# China lays on an Olympian reception

**Tony Walker** loses count of the accolades heaped on visiting IOC president

"SAMA-WHIRLWIND sweeps Shanghai" said the headline in the Chinese newspaper. This was not a reference to a freak storm but to the presence of a man who has been elevated by China's official press to the status of a demigod.

Juan Antonio Samaranch, President of International Olympic Committee for the past 12 years, has been buried under gifts and honours as Chinese leaders fell over each other to pay their respects.

To the Chinese, desperate to secure the nomination for the 2000 Olympics as an affirmation of their growing world importance, Mr Samaranch's presence has afforded an opportunity to influence the man whom they believe holds the key to hearts and minds of the 90 IOC delegates who will vote on the nomination.

China's Samaranch-fever, in all its astonishing manifestations, is the most visible aspect of an intensifying diplomatic and public relations blitz as Beijing and Sydney clear frontrunners to stage the 2000 Olympics settle down for a contest that will come to an end on September 23 when the winner is announced in Monte Carlo.

While both Australian and Chinese officials insist in public that they are intent pursuing the contest in true Olympic spirit, there is no doubt that at another level they are engaged in "no holds barred" competition.

On hand in China this week to witness the deification of Mr Samaranch were Australians Mr Kevan Gosper, an IOC vice-president, Mr John Coates President of the Australian Olympic Committee, and Mr Phil Coles, an IOC delegate. Among their tasks was to sign a "truce" to smooth any bumps in relations beteween the two Olympic Committees as the bidding war intensifies.

But scarcely was ink dry on the agreement that provides for enhanced co-operation and sporting exchanges than representatives of both sides were seeking to undermine each other's claims. Australian officials mumbled about Beijing's pollution, China's indifferent human rights record, traffic snarls in the capital, and the poor maintenance of some of China's sporting facilities.

The Chinese, for their part, stepped up their diplomatic blitz with their fawning reception of Mr Samaranch and their heavy emphasis on China's size and weight. The implication here is that the IOC can hardly deny the wishes of one-fifth of mankind to host the world's premier sporting event.

On the record, representatives of the two sides are being determinedly sporting. Mr Coates said the Australian Olympic Committee hoped that the competition could be conducted in a "friendly" atmosphere.

The opening of the inaugural East Asian games in Shanghai involved thousands of performers in a mass synchronised display that went off like clockwork, a spectacular fireworks show designed by a French specialist and a crowd of 30,000 who accorded Mr Samaranch a standing ovation when he appeared in the stadium.

Mr Samaranch could be forgiven for experiencing something of an anti-climax when he travels to Australia later this week after being feted in Shanghai and latterly in Beijing.

Sydney's press is unlikely to clear its front pages to detail Mr Samaranch's every move in contrast to his treatment one day this week by the Beijing Daily which carried almost nothing but "Sama-stories" on its front and back pages.

China's official "Outlook magazine" almost certainly outdid its competitors in its praise for Mr Samaranch. "His achievements," the magazine told its readers, "are simply too many to count."

IOC chief Juan Antonio Samaranch cycles in Beijing yesterday

French farmers 'not the one stumbling block' to trade deal

# Paris on attack over Gatt

By David Buchan in Paris and Andrew Hill in Brussels

FRANCE yesterday launched its diplomatic counter-offensive in the Gatt trade talks to remind its European Community partners of an array of common European demands in the negotiations, outside of agriculture where Paris is most isolated.

In a statement to fellow EC leaders on Wednesday Prime Minister Edouard Balladur has brought France out of its defensive agricultural trench and engaged its negotiating opponents – first inside the EC, then among the other Gatt participants – on a wide front.

The European Commission issued a cautious initial reaction to the memorandum yesterday, describing it as a "carefully worded" and "useful" contribution to the EC's reflections on the Gatt talks. Sir Leon Brittan, the EC trade commissioner, will discuss the paper with Mr Balladur and

Balladur: engaged opponents

French ministers at meetings in Paris on Monday.

Mr Balladur said: "I want to put an end to this idea that several hundreds of thousands of French farmers are the one stumbling block to the regeneration of world trade that would follow from a Gatt accord."

Many other issues in the 14 non-agricultural sectors of the Gatt negotiations needed to be settled, he added. If they were, he hinted he might be ready to face his farmers down on certain of their demands. There is a strong impression that Paris is preparing to join other EC countries soon in endorsing the draft oilseeds accord with the US, an issue technically outside the Uruguay Round, provided it gets a few more modifications.

"Nothing is worse [in a negotiation] than to get stuck in generalities," said Mr Balladur, hailing his government's five-page position paper as a "concrete and complete" review of everything from tariffs, copyright to world labour standards. But it is largely a repackaging of existing French and EC positions to revive public interest in them.

France is also calling for the EC to defend itself commercially against unfair trade, not only with its anti-dumping/subsidy rules but also with its so-called New Commercial Instrument. Approved in 1984, this was designed as Europe's answer to unilateral retaliation provided for in Section 301 of successive US Trade Acts. The EC Twelve have hardly ever been able to agree on its use.

However, France does endorse the EC's long-held view that the Uruguay Round should end by replacing Gatt with a stronger World Trade Organisation, which would outlaw unilateral trade retaliation. So, talk of the Community reviving the New Commercial Instrument is largely a negotiating chip with Washington. Mr Gérard Longuet, the trade and industry minister, admitted there was "a hierarchy" among French demands, conceding effectively that some were just bargaining counters.

The clear impression is that France is at last open for business on Gatt – but that negotiating will be tough.

# Dunkel warns on Uruguay Round

By Frances Williams in Geneva

MR Arthur Dunkel, director general of the General Agreement on Tariffs and Trade, yesterday warned that escalation of trade frictions could poison the Uruguay Round negotiations due to conclude this year.

In a report to Gatt's 110 members on developments in the trading system, he said bringing the round to a successful conclusion in 1993 was the only way to end the uncertainty surrounding trade relations since the failure to conclude the negotiations on schedule in December 1990.

Mr Dunkel's report highlights a growing number of bilateral disagreements including disputes involving anti-dumping and anti-subsidy action which is increasingly seen as protectionist in both intent and effect.

Gatt's main worries relate to non-implementation of dispute panel reports and unilateral measures by those involved in disputes, notably the US. These put the multilateral trading system at risk and damage its credibility, the report says.

Other disturbing policy developments include a sharp increase in anti-dumping actions, especially by developing countries, and the continued maintenance of quantitative restrictions outside Gatt rules. In addition to 127 restraints affecting trade in textiles and clothing, Gatt lists 79 "voluntary export restraints" and other bilaterally agreed or unilaterally imposed measures.

On the positive side, 18 countries have joined Gatt since the Uruguay Round began in 1986, with more in the queue, while 72 countries have announced unilateral trade liberalisation measures over the period.

● Mr Balkrishan Zutshi, chairman of Gatt's members, said yesterday he hoped for a decision on the successor to Mr Dunkel, who retires at the end of June, "as soon as possible or at least by the end of the month". Officials say Mr Peter Sutherland, former EC competition commissioner nominated by Dublin with EC support, remains the front-runner.

# Accountants argue for wider access to global business

## An accord is being sought as part of a broader services deal under Uruguay Round, writes Frances Williams

GATT

OFFICIALS representing more than a million accountants in 80 countries were in Geneva last week to persuade trade negotiators to make it easier for accountants to practise abroad.

Big accountancy firms such as Arthur Andersen or Coopers & Lybrand operate on a world-wide basis, earn gross fees of billions of dollars a year and employ tens of thousands of staff. Yet they still face significant barriers in overseas operations.

The officials representing the profession argue that an accord, which would form part of a broader services agreement in the Uruguay Round of trade liberalising talks, is needed to enable accountancy to catch up with the globalisation of business.

Barriers to foreign accountants include bans on the use of foreign professional titles and on forming partnerships with local firms, limitations on the number of partners in a firm, "scope of practice" limitations, difficulty in obtaining "audit firm" status, bans on the use of international firm names and other marketing restrictions, and the refusal to grant foreign accountants local professional certification.

National differences in accounting standards and practices also impair free movement of capital and make the job of accountants – and national regulators supervising multinational companies – more difficult and costly.

A draft framework General Agreement on Trade in Services (Gats) encourages the mutual recognition of professional qualifications and the adoption of harmonised standards for all types of services. But the accountancy organisations, which include the Fédération des Experts Comptables Européens, the American Institute of Certified Public Accountants, the International Accounting Standards Committee and the International Federation of Accountants, want to give the general rules more bite by committing governments to apply them in the accountancy field.

They are pressing for an agreement on accountancy which would aim to promote the mutual recognition and harmonisation of professional qualifications across borders, stimulate development and use of international accounting standards, and require governments to begin opening their accountancy sectors to foreign competition.

"We believe the services agreement can go beyond its present limited objectives to achieve a real breakthrough in our profession – one that will have widespread benefits well beyond accountancy," says Mr John Hegarty, secretary general of the Brussels-based FEE, the umbrella body for European accountants.

The FEE and others argue that widespread use of international accounting standards would make it easier for regulators and accountants to follow complicated financial statements and transactions by international businesses.

Their draft accord would commit all countries to include accounting and related services in their liberalisation schedules for services, and to remove restrictions that insist on citizenship or continuous prior residence, limit a firm's name, or require certified professionals to study at specified institutions.

The proposed agreement would also lay down specific procedures for granting non-nationals certification to practise, based on mutual recognition of professional qualifications and competence supplemented by tailored examinations to plug the gaps. This is the system already adopted by the EC for free movement of accountants within the single market.

Last, the draft accord would commit governments to review formally and consider the adoption of international accounting standards as the basis of their financial disclosure and reporting requirements, though it would leave the final decision to national authorities.

"We recognise that international accounting standards are not yet at a stage where wholesale adoption by governments is feasible," says Mr David Cairns, secretary general of the London-based IASC. "But the services agreement could stimulate greater international co-operation ... by recognising the role of the IASC and encouraging regulators to work with us."

Its proponents argue that a sectoral agreement would speed worldwide liberalisation of the accountancy profession without the need for time-consuming bilateral negotiations, and would offer a model for other professions and services.

It seems clear, however, that they will have to settle for something less than the formal annex to the framework Gats at first proposed. At the meeting in Geneva on May 5, trade negotiators from 18 nations (including the EC and US) showed themselves sympathetic to the basic ideas but were generally doubtful on the virtues of an annex.

Officials said countries did not want to set in concrete specific commitments to liberalise accountancy, which is just one of more than 100 commercial services identified by the General Agreement on Tariffs and Trade.

Instead, they favoured a more flexible solution, perhaps by way of a ministerial declaration alongside the Uruguay Round package of accords.

Mr Charles Heeter, a principal with Arthur Andersen and chairman of the AICPA's taskforce on international trade agreements, says the accountancy organisations are prepared to be flexible on procedures but want a mechanism for more rapid liberalisation than the Gats alone would provide.

# EC will back Russia's Gatt application

THE European Community will back Russia's planned application to join the General Agreement on Tariffs and Trade, which could be lodged as early as next month, a senior EC official said yesterday, Frances Williams writes.

The official said he did not expect the application to run into opposition from Gatt members, though he foresaw hard bargaining on Russia's terms of entry.

Russian membership remains some way off. Even in straightforward cases, negotiations rarely take less than a year.

"They clearly are trying to move towards a market economy system and an appropriate trade regime, but equally clearly they have not by any means got there yet," he said. Gatt members would have to judge whether Russia could be accommodated as an ordinary market economy or whether, "in a transitional phase", it would have to have a specially tailored protocol of accession.

The US said in April it would back Russian membership of Gatt. Russia has had observer status since May 1990 and has subsequently become an observer on five of Gatt's voluntary codes of fair trade practice, including those on standards and anti-dumping. Thirteen other former Soviet republics are also Gatt observers, traditionally a first step to membership.

The EC official said he expected Russia's Gatt application to give a boost to bilateral negotiations between Brussels and Moscow on a so-called "partnership" accord.

# Japan facing pressure over market access

JAPAN'S trade minister, Mr Yoshiri Mori, will come under pressure from his US and EC counterparts today to breathe new life into the stalled Uruguay Round by accepting a package of tariff cuts and other "market access" measures, write Bernard Simon in Toronto and Nancy Dunne in Washington.

The three trade officials and Canada's Mr Michael Wilson will hold an all-day meeting in Toronto described by a Canadian official as an "intensive working session".

Both Mr Mickey Kantor, the US trade representative, and EC Trade Commissioner Sir Leon Brittan are said to be confident they are close to an agreement on market access within the framework of the Uruguay Round.

US officials say they have made significant progress in negotiations on tariff reductions with the EC, and it is now time to "begin to engage" Japan and Canada.

Japan, with its \$136bn (£88.3bn) worldwide trade surplus, has "a disproportionate responsibility" to contribute to the process of trade liberalisation, a senior US official said. "I want to stress the importance we see in Japan taking an active interest in a major package."

Tariff reductions – in most cases to zero – are being sought by the private sector on paper, wood, non-ferrous metals, beer and other products where tariff peaks are still significant. Japan will be leaned on to "cough up" market openings in financial services, the US official said.

# Tupolev airliner deal for Hunting

By Paul Betts, Aerospace Correspondent

HUNTING Aircraft, the UK aircraft support company, has been chosen by the Russian Aviastar aircraft manufacturing group to design and build the interiors for the new Tupolev TU-204 twin jet airliner.

The UK group is also investing in a new Russian aircraft interiors company called Avinco, to be based at Aviastar's manufacturing complex in Ulyanovsk. The new Russian company will be owned by Aviastar, Hunting Aircraft and a subsidiary of Fleming Russia Investment Corporation.

Modern interiors are regarded as essential to Aviastar's efforts to sell the TU-204 in the west. A westernised version of the aircraft is being equipped with Rolls-Royce engines and western avionics to compete against Boeing 757.

The new company would improve the TU-204's marketability and also produce and sell western certified interior products to the international market along with Russian certified products for the former Soviet market, said Mr Victor Mikhailov, Aviastar's director general.

● Singapore Airlines yesterday introduced a facsimile machine on its Singapore-London Boeing 747-400 flights. All SIA long-haul routes will be equipped with fax machines and sky telephones by the end of 1994.

# Tory tumult prompts populist programme

By Ralph Atkins and Alison Smith

THE government attempted yesterday to respond to tumult in Tory ranks with a programme for the year ahead that stresses what Cabinet ministers see as populist measures to tackle crime and cut regulations.

The politically controversial plan to raise the state retirement age for women from 60 to 65 has been dropped from next year's legislative programme. But Cabinet gave the go ahead to three Home Office bills – on Sunday trading, penalties for criminals, and restructuring the police service.

Mr John Major will today try to restore an impression of stable government after the serious buffeting of the last week following disastrous by-election and local election results.

In spite of government "u turns" earlier this week on schools testing and yesterday on the unit fines system, the prime minister will seek to assure party activists at the Scottish Tory party conference that he is determined to carry through the policies to which Tories are pledged.

Mr Major will claim that a commitment to combat crime is an enduring strength of the Conservative party and will promise all policies will be *geared towards a sustainable* economic recovery.

The prime minister's office rebuffed suggestions that the government had slimmed down its legislative plans in the face of growing dissent within Tory ranks. It promised, "lots of red meat".

Adding to government's difficulties was the death yesterday of Tory MP Mr Robert Adley, cutting the party's majority to 18. The swing Liberal Democrats need to over turn his 23,000 majority is less than the party achieved in last week's Newbury by-election.

Between 15 to 20 bills are expected for the Parliamentary session beginning in November. Besides the bill on equalising male and female state retirement ages, other casualties include Post Office privatisation and the bill on banking supervision promised after the collapse of the Bank of Credit and Commerce International.

Mr Peter Lilley, social security secretary, is not now expected to publish a pensions policy document until the autumn. Changes would not take affect anyway until well into the next century.

Other measures agreed for next year include a de-regulation bill, drawn up by the Department of Trade and Industry but including the deregulation of London buses and other transport measures.

*The Foreign Office has won* space for a bill to put the overseas security service MI6 on a statutory basis. But the government has yet to decide on whether to increase the accountability of MI6 and its domestic counterpart MI5 to Parliament.

A decision is also still due on the contents of a bill expected imposed restrictions on the media's use of bugging and telephoto lenses.

Certain to be included, however, are legislation restricting the availability of Invalidity Benefit, restructuring of Scottish and Welsh local councils, privatising British Coal, setting up an environment protection agency, reforming teacher training and ending the monopoly of the National Union of Students.

Technical bills from the department of employment and on European Community financing are also included.

● Mr Kenneth Clarke, home secretary, yesterday ridiculed Labour calls for an investigation into allegations that the security services had eavesdropped on members of the royal family. He said there was not a "shred" of evidence to support them.

Mr Clarke responded witheringly to demands from Mr Tony Blair for an "urgent investigation", accusing his Labour opposite number of being a "tabloid politician".

NISSAN, the Japanese carmaker, is being forced to cut output of one of the two car ranges it produces at its £900m plant at Sunderland in north east England (above) in response to falling European sales, Kevin Done writes.

It has also stopped overtime work at the plant.

The line speed of the assembly track for the Nissan Primera large family car will be slowed next Monday to reduce output for 1993 by 15.4 per cent, to 110,000 from the 130,000 previously planned.

Primera output totalled 141,800 last year, and under Nissan's revised plan production of this range will drop this year by more than a fifth.

The reduction will be the first production cut faced by Nissan in the UK since it began manufacturing cars at Sunderland in 1986. Output of the Primera began there in May, 1990.

Nissan was the first of the Japanese carmakers to establish a car assembly base in Europe, and it is the first to be ensnared in the recession that has hit all established car producers in Europe. New car sales in west Europe in the first four months this year have dropped by around 17.6 per cent to 4.15m, according to industry estimates, although Nissan has outperformed the market.

# Executive denies tax fraud began in Tokyo

By John Mason, Law Courts Correspondent

ALLEGATIONS that Nissan Motor Corporation, the Japanese car-maker, was behind a multi-million pound tax fraud were denied yesterday at the Old Bailey by a senior executive from the company.

The claim was made by Mr Michael Sherrard QC, counsel for Mr Michael Hunt, a director with Nissan UK, the former British car importers, who denies conspiring to defraud the Inland Revenue of £97m in corporation tax.

Mr Sherrard suggested that the fraud may have worked by Nissan Motor Corporation Carriers (NMCC), the transport subsidiary of the Japanese carmaker, keeping its freight charges artificially low. Meanwhile agents employed to ship the cars charged Nissan UK significantly higher prices.

The "lion's share" of the difference was then creamed off into other accounts, including one opened in Switzerland by Mr Friedrich Pannosch, an Austrian transport consultant, into which huge sums were passed. This was carried out with the full knowledge of its parent company (NMC), he said.

"Whoever was meant to benefit, it was at the Japanese end," Mr Sherrard said.

The accusation were denied by Mr Eisuke Kukita, an NMCC manager who ran the company's European operations in the late 1980's. "I cannot believe that," he replied.

He denied that his company's freight charges were significantly lower than normal market prices or that they had been artificially reduced.

Mr Kukita agreed that in March 1990 in Oslo, he met Mr Tore Thorsen, a Norwegian shipping agent, who is also accused by the Inland Revenue of taking part in the conspiracy.

Mr Kukita, however, denied that at that meeting he was shown a financial breakdown of the alleged fraud, including details of payments to Mr Pannosch.

Mr Kukita agreed that after an introduction from Mr Thorsen, he and two other senior Nissan executives met Mr Pannosch in Vienna in April 1990.

He denied the purpose of the meeting was to "check out" Mr Pannosch because NMC was soon to end its long-standing franchise deal with Nissan UK. Mr Pannosch had taken them on a simple weekend sightseeing trip around the city, Mr Kukita told the court.

They had discussed business, he agreed. "It happens to be part of the Japanese make-up, but we find it difficult to talk about anything other than business," he said.

The trial continues today.

# Chambers plan task force on exports

BRITAIN'S chambers of commerce yesterday announced plans to establish an export task force to give exporters a greater say in influencing government policy, Charles Batchelor writes.

As a first step the task force, which will begin work within the next six weeks, will review the effectiveness of government and private sector support.

It will then examine the feasibility of creating a national export council as a permanent representative of large and small exporters and export trade organisations.

The initiative was announced at the Association of British Chambers of Commerce annual conference in Leeds.

Mr John Parsons, an association board member, said: "We lack a coherent voice for the exporter in this country. The council would provide a focus for a lobby of government in the UK and the European Community."

The chambers also announced plans to take a closer interest in export help for the smaller business.

They will set up a working party to influenc the way the government's new business advice centres – "one-stop shops" – help exporters and to co-ordinate the assistance provided by Training and Enterprise Councils, chambers and local authorities around the country.

The chambers also unveiled plans to improve the quality of training for export staff. The Institute of Export helps people working for its professional qualifications but there was less training for people changing careers and for exporters at junior executive level, Mr Parsons said.

# Polly Peck administrators criticised

## Lawyer accuses UK accountants over writs issued against Asil Nadir

By John Murray Brown in Kyrenia

MR MENTES Aziz, the lawyer for the Polly Peck companies in northern Cyprus, yesterday rejected charges that he had obstructed the administrators and criticised them for issuing writs against Mr Asil Nadir and himself.

He claimed considerable progress had been made until writs were taken out by Mr Christopher Morris of accountants Touche Ross, who is one of the administrators to Polly Peck in October 1991.

"We never contested that the companies belonged to the shareholders," he said. "But the administrators' mandate depended on a court order. Had they been the appointed board of PPI London there would have been no problem."

His accusations were strongly denied by Touche Ross in London. "Our writs were only issued one year after fruitless negotiations had com-[redacted] a spokesman for the firm said.

He stressed the writs only covered the individuals and did not disrupt the businesses in northern Cyprus, and added: "They did business in the UK and should know the requirements and consequences of becoming insolvent."

There is believed to have been some disagreement between the administrators over the strategy of issuing writs, although the decision to proceed was taken with the approval of the Polly Peck creditors' committee.

Mr Aziz is alleged to have frustrated administrators' attempt to gain access to the local companies. He launched 28 suits in the local courts to prevent access to the PPI companies on the island.

The north Cypriot authorities blocked attempts by the administrators to create two new companies in May 1991 to take control of the Polly Peck assets, with Mr Richard Stone, a joint administrator, and Mr Nadir, as directors.

The Polly Peck assets – four hotels and Sunzest, the fruit export business, were to be vested in Voyager Leisure – and Unipac Packaging Industries, the packaging plant, renamed Unipac Holdings. Both were to be 99 per cent owned by PPI (Holdings) BV.

Mr Aziz, together with Mr Fahri Tunalier, another local director of PPI, had control over the Cyprus assets as director of Voyager, an intermediary company in the Isle of Man through which the local and Turkish assets are owned.

As a result of the administrators' writs, Mr Aziz says a Mareva injunction was placed on his bank account at the Credit Bank of Cyprus in Green Lane, where he said he had deposits of £26. Accounts connected to Mr Nadir held by Citibank in Geneva have also been frozen.

Meanwhile, Mr Asil Nadir, the former chairman of Polly Peck International, yesterday moved back into the company headquarters in Nicosia for the first time since he jumped bail in the UK last week.

It also emerged yesterday that five leading financial institutions in the UK and USA hired Kroll Associates, the international private investigators, to examine Mr Nadir and his business empire over a three year period beginning in May 1988.

Mr Jules Kroll, the chairman, said yesterday he had advised his clients that Polly Peck was a "high risk" venture. One of the financial institutions is understood to have broken off its relations with Mr Nadir, three others cut back their exposure, while a fourth continued its involvement.

Mr Kroll said his company had raised concerns about the high level of profits being made by some of Mr Nadir's fruit packaging operations which it could not adequately explain.

It is understood that Citibank was one of the banks that asked Kroll to investigate Mr Nadir, although Mr Kroll refused to comment on this yesterday other than to confirm that the bank was a client of his. The possibility that the high profits might have been linked to arms and drugs dealing was investigated but no evidence to support this was found by Kroll.

Mr Kroll said at the end of 1990 he was personally telephoned by Mr Nadir and accused of conducting his investigation as part of a smear campaign orchestrated by Greek Cypriot interests, a charge he strongly denied.

*Additional reporting by Jimmy Burns and Andrew Jack*



هكذا من الأصل

Last northeast shipbuilder, once a world leader, faces bleak future

# Receivers called to Swans

By Chris Tighe and David White,

RECEIVERS were called in *yesterday to Swan Hunter, the* Tyneside warship builder, after its loss of a vital order for a Royal Navy helicopter carrier.

The company is the last shipbuilder in north east England, once the world's biggest shipbuilding centre.

Price Waterhouse, appointed as receivers for the group's UK companies, said lay-offs in Swan Hunter's 2,200-strong workforce "may be unavoidable."

About 4,000 more jobs in the north east are estimated to depend indirectly on Swan Hunter's survival. Many are in areas such as South Tyneside, where male joblessness, according to official figures, is already 28 per cent.

Mr Robin Cook, the opposition Labour Party's trade and industry spokesman, described the move as "a grave blow to Tyneside", adding "I am afraid it is an historic day for the nation, and a very bad one."

Directors of Swan Hunter, privatised in a management buyout in 1986, said the loss of the order to a consortium of VSEL and the Kvaerner Govan merchant ship yard was only one of several factors behind the decision to call in the receivers.

They asked Lloyds Bank to call in receivers after negotiations with "a substantial third party" for acquisition of the company were terminated.

It is understood takeover talks with GEC were broken off when Swan Hunter failed to win the carrier order.

The directors also blamed the non-payment by the Ministry of Defence of more than £20m additional costs the company says it incurred in building an auxiliary oil and supply ship, Fort George.

The MoD had failed to pay the claim despite assurances before Christmas that it would be handled expeditiously, they said. "This has created a significant cash deficit and inability to pay our creditors."

Swan Hunter workers leave the yard with their toolboxes

Against this background, the Swan Hunter Group was unable to secure any further working capital facilities, they said yesterday.

The directors called for an independent investigation into the contract award, saying they did not accept the "credibility" of the MoD's claim that there was a £50m difference in the bids.

The four directors, Mr Ken Chapman, Mr Alex Marsh and brothers Mr Peter and Mr Roger Vaughan, refused to be interviewed about the end of their tenacious fight to keep afloat the business they returned to private ownership from nationalisation.

The company is understood to have been unable to pay its creditors for the last two months. Its annual turnover is about £145m. In 1991, the last year for which it has filed accounts, it made a loss of £17.25m. Losses continued in 1992. The company is owned by 36 directors.

The receivers are to begin negotiations with the MoD today on to the three Type 23 frigates currently being fitted out at the yard. One, HMS Westminster, was to have undergone its first sea trials today.

Keeping the fitting-out work on the Tyne is a prime objective of unions, who have pledged the workforce's full co-operation with the receivers.

THE FIRST sign that May 13, 1993 might go down in the history books as the day north east England's last shipyard went under came soon after 7am, writes Chris Tighe.

Subcontractors arriving at Swan Hunter's main Wallsend entrance to continue fitting out the last ships on the order book found the main gate shutters locked.

By 9am union leaders were on standby for a meeting with Swan's four directors, who led the management buyout in 1986. By 11am the media were clustered outside the entrance; technical staff, whose offices are above the gateway, stopped work and were staring out of the window. Someone suggested the last frigate should be called HMS Hardship. Nobody laughed.

At 11.50 the union leaders were called in. By 11.55 shouts became audible behind the entrance shutter. When it rose at noon it was a shock; instead of running up the bank as usual, the workers trudged out in the rain; most laden with toolboxes. Word had gone round the receivers were coming in; they were to keep their own tools.

At 12.10 a spokesman for the company emerged to read the statement. Men returning to the yard, having discovered the canteen was closed, paused to listen. At 2pm, the workforce assembled, in driving rain, beside a massive fabrication shed. One union leader said: "I think we've reached the bottom today."

## Fresh probe into Maxwell pension fund accounting

By Andrew Jack

COOPERS & LYBRAND, the accountancy firm, is to be scrutinised as part of a wide-ranging investigation into the Maxwell affair by the accountancy profession's highest disciplinary scheme.

The Joint Disciplinary Scheme is to investigate the circumstances surrounding pensions transactions within the business empire of the late Robert Maxwell.

The scheme only rarely launches investigations and only holds them for serious issues that command a high level of public interest. Just two are currently underway: into Barlow Clowes and the Bank of Credit and Commerce International.

The scheme is operated jointly by the chartered accountancy bodies for England, Wales and Scotland, and the Chartered Association of Certified Accountants. It has the power to examine and discipline member firms and any individual members.

*An announcement of an* investigation is likely within two months. Meanwhile the newly-appointed "executive counsel" will examine the background to the case and prepare evidence before submitting it to the committee.

The Maxwell investigation has been triggered by a referral from the Securities and Investments Board last summer to the Institute of Chartered Accountants in England and Wales, which has in turn passed it on to the scheme.

It will examine pensions transactions relating to Bishopsgate Investment Management, London and Bishopsgate Investment Management and another ten or more companies in the group. More than £440m was stolen from the pensions funds.

Details of the Maxwell inquiry emerged in the latest annual report from the scheme, which was circulated yesterday. "A matter concerning certain Maxwell companies and pension funds has been referred to the executive committee," it says.

The JDS accounts for the year to December 31 1992 show expenditure of £1m, which is exactly offset by income including £142,000 recoverable from fines and costs awarded. There have been 33 referrals to the committee, 31 completed investigations and 15 appeals since the scheme was founded in 1979.

## Job costs among EC lowest

By Norma Cohen, Investments Correspondent

BRITAIN'S employment costs are among the lowest in Western Europe, according to a study on average pay and benefits.

The study, conducted by actuarial consultants Noble Lowndes, found that Britain's employment costs – pay, social security contributions, income tax paid by employees, and voluntary and mandatory supplementary benefits – are only marginally higher than those in Spain.

The comparison of likely living standards upon retirement shows that state social security plus private pension provision will earn the average Briton 77 per cent of net earnings upon retirement. This compares with 93 per cent for Dutch pensioners, 91 per cent for Italian pensioners and 75 per cent for German pensioners.

The calculations in the study take account of local purchasing power and currency differences.

Also, in Britain, the costs of social security are more evenly spread between employer and employee than in some other EC states. UK employers pay 40 per cent of social costs while in Italy they pay 70 per cent. However, in the Netherlands, employers pay only 25 per cent of social costs of employment.

Sweden and Switzerland are, respectively, the most expensive countries when pay and social costs are considered against purchasing power. In Sweden for each 100 Skr of take-home pay, an employer must allocate a further Skr 105 to cover social costs. In the UK the figures are £67 for every £100.

## Britain in brief

### Agents at Lloyd's face legal action

Lloyd's Names can take legal action against their agents even if they have not paid their insurance losses, a high court judge ruled yesterday.

Mr Justice Saville was ruling on a preliminary issue in proceedings brought by several thousand Names against their managing and members' *agents at Lloyd's.*

The agents had contested that "pay now sue later" clauses in the agreements signed with them by Names – the individuals whose assets support underwriting at Lloyd's – precluded those Names unable to meet losses from pursuing legal action.

### Teachers to boycott tests

The National Union of Teachers, Britain's largest teaching union, extinguished any lingering chance that meaningful national curriculum tests will take place this year, by voting overwhelmingly for a boycott.

The NUT is the third union to boycott this summer's tests, and voted to do so by the largest majority, with 96 per cent of those who voted in favour. Turnout was 69.9 per cent, meaning that 67.3 per cent of eligible NUT members voted for a boycott. Previously the NASUWT teachers' union voted by 88 per cent to boycott on a turn-out of 57 per cent. The ATL teachers' union had a vote of 82.7 per cent in favour on turn-out of 56.8 per cent.

### Firemen vote for strike

The Fire Brigades Union voted unanimously to authorise two separate strike ballots among its 49,000 members. The first concerns alleged government threats to scrap the 14 year old guaranteed pay formula that ensures fire fighters' pay *remains in the upper quarter* of male manual earnings. The second is over the threat of compulsory redundancies in the fire service.

### Increase in N-waste stored

The amount of high level nuclear waste stored in the UK by 2030 will be at least 8 per cent higher than previous government estimates, according to a government report.

The total amount could be more than 20 per cent higher than previous estimates – a total of 3,830 cubic metres – if British Nuclear Fuels' contro*versial Thorp plant for repro*cessing gets the go-ahead and wins new customer orders, according to the 1991 Radioactive Waste Inventory.

### C.Itoh manager denies fraud

An executive with C.Itoh, the Japanese engineering company, corruptly paid middlemen to acquire confidential information to win lucrative North Sea oil contracts from British Petroleum, Southwark Crown Court has been told.

Mr Shigiki Furutate, probably with the *connivance of his* company, tried to cheat BP's tendering system by offering money for information obtained from staff at BP's procurement division, said Mr Stephen Batten QC, prosecuting for the Serious Fraud Office.

Mr Furutate denies three charges of conspiracy to defraud BP. His trial is expected to last four weeks.

### Travel groups seek ruling

Six travel companies have applied for an injunction requiring the Association of British Travel Agents (Abta) to *withdraw a threat to limit* repayments to customers of failed school trip operators.

The application follows a letter Abta sent to education authorities last month saying the association had decided to limit the losses it suffered when school tour operators, particularly those offering ski holidays, failed.

### EC rules may hit premiums

New EC rules restricting the use of independently-produced car components could lead to rises in motor insurance premiums, according to the Asso*ciation of British Insurers.*

If introduced as currently drafted the EC's Design Protection Directive would ban the use of independently produced parts, like bonnets, wings and bumpers, which are usually cheaper than those produced by motor manufacturers.

The cost of components used in insurance repairs currently account for about half the £4bn paid each year in claims.

### Scottish port gets £3m boost

*Brescot, the Scottish subsid*iary of Europêche, the French-owned trawling company, is to invest almost £3m to redevelop facilities at Lochinver harbour on the north west coast of Scotland. The investment will be backed by a European Community grant of almost £777,000.

# Treading troubled waters

## John Redwood outlines government policy for regenerating Britain's inner cities to Vanessa Houlder

Mr John Redwood, the UK inner cities minister, would make an unlikely estate agent. But he is talking up the property market with an enthusiasm that would put many agents in the shade.

"Since I entered business in the early 1970s I have never seen better conditions for investing money in land and buildings," he said in a speech to the building industry yesterday.

These sentiments echo a House of Commons speech the minister made a month ago when he said that the private sector needed "more courage and confidence and a willingness to respond to the new climate".

The commercial property industry has responded wearily to these exhortations. Its reaction was summed up in the Estates Times, a property magazine, with the headline: "Tosh, Mr Redwood." It accused the minister of naivety in underestimating the problems facing recession-hit banks and property companies.

Some critics go further, arguing that the government is harming any chances of renewed development by its failure to act over the uncertainty surrounding commercial lease structures and contaminated land legislation, and by delays in agreeing infrastructure projects.

Mr Redwood is undaunted by the derision that greeted his comments. He, in turn, is scathing about the advice given by industry experts in recent years.

Industry criticism of his Commons speech has reinforced Mr Redwood's viewpoint. He turns the argument that there is a shortage of finance for property investment on its head: the tightness of credit, which is now easing, is precisely the reason why he thinks the bottom of the cycle has been reached.

Mr Redwood is on less secure ground in his belief that when the pick-up occurs, investors will focus on new developments in the inner cities. After the huge losses of the past few years, there is little enthusiasm among developers and banks for such ventures.

Mr Redwood thinks sceptics are commiting the "metropolitan fallacy" of assuming that the problems of the London office market are replicated round the country. "Those in the north, on Tyneside, Teesside or in Manchester have a less jaundiced perspective as regeneration has received less of a jolt from the recession," he says

He acknowledges that London is a special problem. But he is still convinced that recovery will extend to even the blighted parts of Docklands. Canary Wharf will be "a flourishing and successful development" in 5-10 years, he says.

What about the Royal Docks, a vast area to the east of the Isle of Dogs which has spent heavily on infrastructure without, so far, having attracted any private sector development? Even Mr Redwood recognises that the oversupply of offices elsewhere in Docklands makes large-scale office development at the Royal Docks unviable.

But he is anxious to see action. "I am impatient about the Royal Docks," he says. Mr Redwood has already given approval to an urban village housing scheme on the south side of the docks. And he believes there is scope for leisure and retail uses; he says he would even contemplate approving plans for warehouses.

Mr Redwood has given the London Docklands Development Corporation, the quango overseeing the regeneration of the area, until the summer to come up with plans to develop the Royal Docks. If the LDDC fails, Mr Redwood says he would hold a competition in the hope that the private sector will come up with a viable idea.

**Redwood rejects criticism of UDCs, insisting that their record was one of 'achievement'**

But even if the private sector is brought on board again, doubts remain about the broad thrust of government policy on reviving inner cities through physical regeneration.

Mr Christopher Jonas, president of the Royal Institution of Chartered Surveyors, recently described government investment in inner city regeneration as "little more than a complete failure".

He added: "Despite some notable successes, cities such as Glasgow, Manchester, Liverpool, Sheffield and Bradford have a startling array of failures which collectively represent hundreds of millions of pounds of taxpayers' money which could, perhaps, have been more usefully directed elsewhere."

Government strategy is also criticised as being too preoccupied with physical regeneration and insufficiently concerned with the effect this has on local communities. A report this week by the University of Durham said that government-created urban development corporations – which are empowered to clean up land, assemble development sites and provide grants to kick-start development – were expensive, concentrated excessively on physical regeneration and had little positive impact on inner city communities, such as in job creation.

Mr Redwood rejects criticism of the UDCs, insisting that their record was one of "considerable achievement".

UDCs remain a central aspect of the government's strategy for urban renewal. Mr Redwood recently announced the setting up of a new UDC for Plymouth, while the new Urban Regeneration Agency – responsible for regenerating broader urban areas and described by Mr Redwood as a "roving UDC" – comes into force later this year.

In some respects government policy towards UDCs has evolved. While the policy of attracting private sector funds to augment public investment remains fixed, there has been a shift in the government's attitude to the role of local councils. The combative exchanges between local authorities and UDCs in the early 1980 has given way to a more harmonious relationship. "It is more possible now for UDCs and local government to work together," says Mr Redwood.

Mr Redwood is also proud of the City Challenge programme, a partnership between councils, the private sector and voluntary bodies to give local communities a greater involvement in urban regeneration. A decision on the next round of City Challenge has been postponed because of lack of money, but Mr Redwood remains enthusiastic about its future. "As soon as I get additional money it will go into City Challenge. I like the concept."

The most recent shift in government policy on inner cities came in the Autumn Statement, when the Treasury was given powers to relax rules on private-sector investment in public projects.

This blurring of the edges between public and private finance could allow the government to shoulder some of the risk involved in development. "To get it [development] going we should be prepared to take on some of the risk," says Mr Redwood.

The mechanism by which the government would shoulder the risk would, in commercial property, be by considering granting developers rental guarantees for up to three years, and for private sector housing, by taking a share of the profit in return for providing the land.

But these measures aside, Mr Redwood's claims that the risks of development are being exaggerated by the private sector are unlikely to spur developers. Confidence is at such a low ebb that his exhortations will continue to fall on deaf ears for some time yet.




## APPOINTMENTS



## LEGAL NOTICES

IN THE MATTER OF THE REHABILITATION OF MUTUAL BENEFIT LIFE INSURANCE COMPANY, A Mutual Insurance Company of New Jersey

ORDER TO SHOW CAUSE WHY AN ORDER SHOULD NOT BE ENTERED AUTHORIZING AND APPROVING THE ASSET PURCHASE AND JOINT VENTURE AGREEMENT AND RELATED AGREEMENTS BETWEEN THE REHABILITATOR AND HARTFORD LIFE INSURANCE COMPANY

THIS MATTER having come before the Court upon the application of Samuel F. Fortunato, New Jersey Commissioner of Insurance and Rehabilitator of Mutual Benefit Life Insurance Company (hereafter "Rehabilitator"), through his attorneys Robert J. Del Tufo, Attorney General of New Jersey (by Jack M. Sabatino, Executive Assistant Attorney General) and Special Counsel to the Rehabilitator, Cole, Schotz, Bernstein, Meisel & Forman, P.A. and Cadwalader, Wickersham & Taft for entry of an Order to Show Cause Why An Order Should Not Be Entered Authorizing and Approving The Asset Purchase and Joint Venture Agreement and Related Agreements Between Samuel F. Fortunato and Hartford Life Insurance Company; and the Rehabilitator having filed this application along with the Asset Purchase and Joint Venture Agreement ("Asset Purchase Agreement") and the following exhibits thereto (a) Agreement of Assumption; (b) Coinsurance of Novated Policies Agreement; and (c) Trust Agreement for Coinsurance of Novated Policies Agreement; and the Court having read and considered the annexed Affidavits of Peter A. Martosella, Jr., and Jack L. Gibson and all exhibits thereto; and it appearing that it is in the best interest of MBL's estate to schedule a hearing date on the application; and the Court finding that entry of the Order to Show Cause is warranted, and for good cause shown:

IT IS on this 10th day of May, 1993,

ORDERED AS FOLLOWS:

1. All parties on the annexed Schedule A, policyholders, creditors, subsidiaries and any other parties in interest wherever located shall show cause before the Honorable Paul G. Levy, P.J.Ch., Superior Court of New Jersey, Chancery Division - Mercer County, 210 South Broad Street, 5th Floor, Trenton, New Jersey 08625 on June 11, 1993 at 9:00 a.m. or as soon thereafter as counsel may be heard why:

(a) An Order should not be entered approving the terms and conditions of the Asset Purchase and Joint Venture Agreement and the related agreements annexed thereto as fair and arms length transactions for fair value in the best interests of the estate in rehabilitation, and providing without limitation: (i) for Hartford's assumption of MBL's Group COLI policies and the transfer of assets to Hartford in consideration for Hartford's assumption of liabilities pursuant to the Asset Purchase and Joint Venture Agreement and the Agreement of Assumption; (ii) that the Rehabilitator is authorized to do all things necessary or appropriate to the consummation of the transactions contemplated by the Asset Purchase and Joint Venture Agreement and the agreements annexed thereto; (iii) that the Asset Purchase and Joint Venture Agreement and the agreements annexed thereto will constitute valid and binding obligations of the estate in rehabilitation and its successors or assigns, in each case enforceable in accordance with its terms; (iv) that no Plan of Rehabilitation or Liquidation for the estate in rehabilitation nor any subsequent Order of this Court will enjoin or supersede the validity, binding effect or enforceability of the transactions contemplated by the Asset Purchase and Joint Venture Agreement and the agreements annexed thereto; and (v) that the Order contemplated by this Order to Show Cause shall be certified as final for purposes of appeal; and

(b) Authorizing such other and further relief as the Court may deem necessary and proper;

2. Any person or entity seeking to respond to this Order to Show Cause by filing answering certifications or affidavits and briefs with this Court shall do so no later than June 1, 1993. Such answering papers shall be filed directly with The Honorable Paul G. Levy, P.J.Ch., Superior Court - Mercer County, 210 South Broad Street, 5th Floor, CN 977, Trenton, New Jersey 08625, accompanied by a filing fee to the Clerk of the Superior Court in the amount of $80. Any person may file a verified application to the Court pursuant to R-1:13-2 to seek a waiver of the Court filing fee by reason of poverty. Responding papers on behalf of any corporation should be filed by a New Jersey attorney, but motions for appearances pro hac vice may be entertained under R. 1:21-2;

3. All answering papers filed pursuant to paragraph (2) above shall be simultaneously served upon counsel for the Rehabilitator by delivering one set of papers to Sharon M. Hallanan, Deputy Attorney General, Richard J. Hughes Justice Complex, CN 117, Trenton, New Jersey 08625 and one set of papers to Steven R. Klein, Esq., Cole, Schotz, Bernstein, Meisel and Forman, P.A., Court Plaza North, 25 Main Street, P.O. Box 800, Hackensack, New Jersey 07602-0800 and one set of papers to Gregory M. Petrick, Esq., Cadwalader, Wickersham & Taft, 100 Maiden Lane, New York, New York 10038. Any persons seeking access to responses made by others should contact Frances Pisano, Legal Assistant at (201) 489-3000, who will make the papers filed available for inspection at the Cole, Schotz offices.

4. The Rehabilitator shall reply to the answering papers received by him no later than June 8, 1993, and shall serve that reply upon all counsel or persons who responded pursuant to paragraph (2).

5. On or before May 14, 1993, the Rehabilitator shall serve a copy of this Order together with all supporting Affidavits without exhibits, by first class mail to all parties listed on Schedule A, and shall publish a copy of the Order to Show Cause in The Wall Street Journal, The New York Times, Newark Star Ledger, The Courier Post, The Times of Trenton and Financial Times, such publication to be arranged by Special Counsel to the Rehabilitator. Copies of the Asset Purchase Agreement, and related agreements, and all Affidavits and supporting papers as filed with the Court, shall also be available for inspection at Cole Schotz's office at a reasonably convenient time upon request.

6. Any person failing to raise timely objections to this application shall be forever barred from raising such objections and in the absence of such objections, the Court may grant the relief requested without further notice or hearing.

Hon. Paul G. Levy, P.J.Ch.

# MANAGEMENT

In the week that Fiat adopted its new ethics code, **Martin Dickson** explains why business morality is a big issue on both sides of the Atlantic

# Baby Bell's bad behaviour

They were nicknamed "the perverts' conventions". They were wild, lewd business parties thrown in Florida in the 1980s by employees of Nynex, the "Baby Bell" company serving the northeastern US, and they led to a serious crisis inside the group and a wholesale review of its business ethics.

Nynex's painful experience, spelt out by William Ferguson, the chairman, at a recent New York conference on business ethics, gives an insight into three questions at the centre of the current debate over business conduct on both sides of the Atlantic.

Why are so many companies focusing on the issue now? Is this just a fad, best ignored in the win-by-all-means pursuit of profits? And if not, how can businesses best avoid ethical lapses?

There is no question that ethics has been receiving more executive attention in the last few months.

An international survey published last year by the Conference Board, the business issues group which organised the New York conference, found that corporate ethics codes, "once regarded as a reactive phenomenon to deflect cyclical outburst of public distrust of business institutions... now enjoy a broad base of support within individual companies".

In the UK, ethics has been much debated in the wake of British Airways' "dirty tricks" campaign against rival Virgin Atlantic.

And in Italy, the giant Fiat group this week spelt out new guidelines for employees who have to deal with government officials, political parties and civil servants. The move is widely expected to be followed by other big Italian companies, notably the Eni energy and chemicals concern which has been implicated in allegations of corruption and kickbacks on public-sector contracts.

**There is a large difference between "compliance" with ethics codes and a commitment to them**

In the US, ethics is one of the most popular courses at the Harvard Business School, while New York's Columbia University Business School has made the issue one of four core principles meant to permeate all its courses.

The trend owes something to the backlash against the "greed is good" morality which characterised the takeover boom of the 1980s. However, more practical business considerations also come into play:

- The increased attention given to business news in the US media. Big stories often appear on the front page of US general interest papers, rather than hidden away in a financial section. That means much greater potential for bad publicity, with the attendant loss of business and staff morale.

Nynex's experience demonstrates the power of the general press and the damage it can inflict. When in 1988 the company discovered that a handful of executives were inviting businessmen who supplied goods to the company to sleazy Florida parties, it quietly sacked or disciplined the perpetrators, hoping this would end what it believed was an "isolated incident".

However, says Ferguson, the New York press pounced on the story. Nynex employees who read about the parties found themselves facing "a crisis of confidence and trust in one another... Even senior managers sitting across a conference table started to wonder if it was happening in the other person's shop".

- The increasingly global nature of industry. This means that many US companies are expanding or selling abroad for the first time, forcing them to focus on business practices in other countries which would not be acceptable at home.
- Legal changes in the US. The US Sentencing Commission – a body established by Congress in 1984 to tackle criticism of light sentences for white-collar crime – established tough new guidelines in November 1991 for corporate offences such as fraud and bribery.

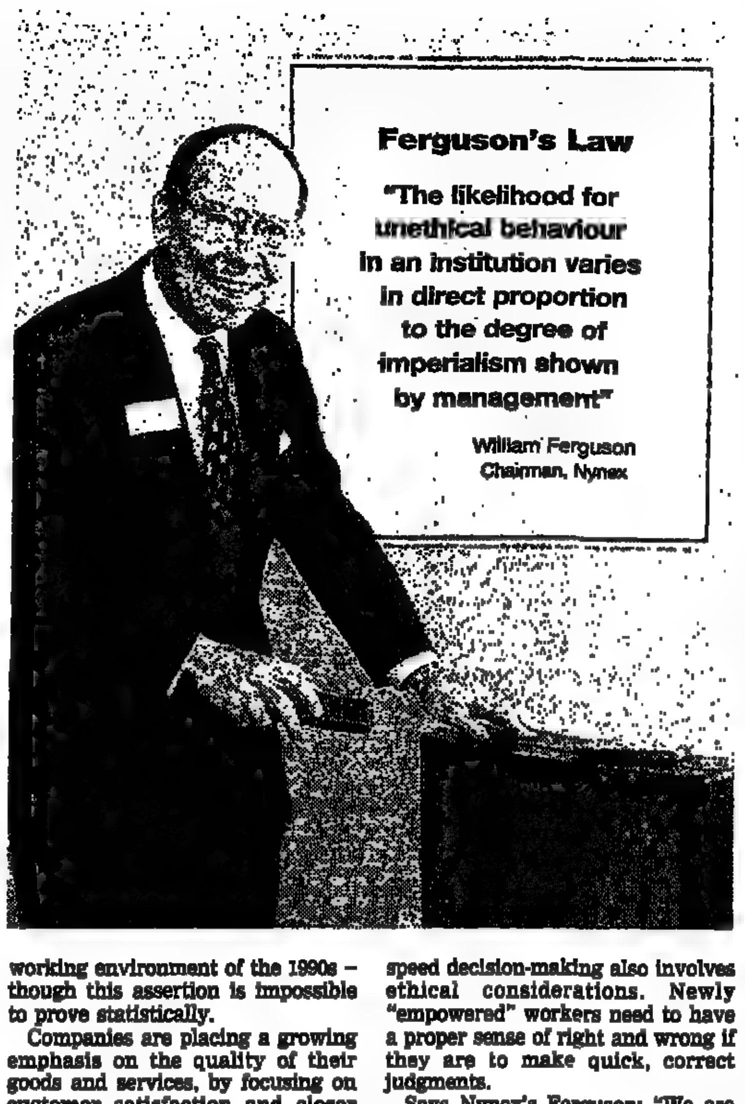
The guidelines allow an extremely wide range of sentences for the same crime, depending on the degree of culpability the courts assign to the corporation. A company's fine will be greatly reduced if it can show it has "an effective programme to prevent and detect violations of the law" - in other words, a strong ethics framework.

- The effect on profits. Perhaps the strongest argument in favour of a well-implemented code is that it may boost the bottom line – particularly in the rapidly changing working environment of the 1990s – though this assertion is impossible to prove statistically.

Companies are placing a growing emphasis on the quality of their goods and services, by focusing on customer satisfaction and closer relations with suppliers. These trends carry with them implied ethical contracts between the parties involved.

Simultaneously, the flattening of corporate organisations and the devolution of responsibility down the line to workers in an attempt to speed decision-making also involves ethical considerations. Newly "empowered" workers need to have a proper sense of right and wrong if they are to make quick, correct judgments.

Says Nynex's Ferguson: "We are not interested in ethics because we are trying to create an 'ethics society' or sub-culture at Nynex. Instead, we are trying to make ethical behaviour an everyday norm... because, basically, we believe ethics makes good business sense."




How did Nynex recover from its ethics crisis? It first appointed outside experts to see where it needed improvement, and then established a new framework for business conduct. It created an office of ethics at its headquarters, run by a senior executive with direct access to the chairman and responsible to the board's audit committee.

Similar offices were established in each of its leading business units, with "hotlines" for people to report misconduct. About 90 per cent of calls, however, have been requests for information, clarification or assistance with human resource matters; only 10 per cent have been about alleged violations.

Nynex also drew up a single code of business conduct to replace the differing codes in force in separate units.

It then began company-wide training in business ethics, which initially met with a sceptical response. "Many executives started out feeling too much was being made out of an isolated incident which didn't involve them," says Ferguson. "Most managers saw 'bottom-line, hard business issues' as priorities – and ethics didn't make that shortlist."

However, as training progressed the participants began to discover there were many grey areas in their work that needed clarification.

"For example, what if an employee finds a competitor's proposal, left behind on the seat of the commuter train?" Ferguson says that "once you start working on so-called 'soft' issues like ethics, you find out that they are a lot harder than you thought."

But he adds that "unless you can change the 'soft' things about your business, you're not going to be terribly successful in getting at the 'hard' things you face. In fact, these two areas are intimately related to each other. The problem is that most people don't think they are."

Besides his own law (see illustration), Ferguson offers four main lessons from Nynex's experience. First, there is a large difference between "compliance" with ethics codes and a genuine commitment to them.

Second, face-to-face communication is helpful in getting people to accept ethics codes. "Counter the doubters and sceptics – and that's most people – by forcing them to engage in a sustained dialogue about how ethics affects their conduct."

Third, make sure ethics is part of a continuing commitment, not just "programme of the month".

Finally, leadership on ethics begins at the top. "The role model that managers set for their employees, knowingly or otherwise, is the most important weapon in the ethics arsenal."

# Job title inflation hits the roof

**Adrian Furnham** on a trend spreading out of control

There are probably more admirals than ships in the British navy today. Soon, given the exodus of Anglo Catholics from the Church of England, there might be more bishops than congregations. And in the jargon of politically incorrect speech, most organisations appear to have more chiefs than indians.

Monetary inflation may be under control in Britain, but the same cannot be said for job titles. Nearly all Americans over the age of 23 seem to have the title "executive vice-president" embossed on their business cards – and the trend is spreading.

New-fangled job titles have elaborate suffixes, usually manager, director or engineer if British, and president or officer if American. Prefixes such as senior, executive or corporate are also common. One can mix and match any set of these to come up with a grand, but meaningless, title.

As a result, employees are often more concerned about their official titles than their responsibilities. Some ask in interviews "what will I be called?" more often than "what will I be doing?".

Traditionally "flat" organisations – those with relatively few levels or grades such as universities – are under pressure to invent new titles to keep their ambitious staff happy. Traditionally "tall" organisations – the army or the civil service – go on inventing new job titles by rendering generalists into specialists, however minor the task.

Why does this happen? At first glance it seems to many managers a relatively cheap way to reward productivity or service. Many people, eager to satisfy their unquenchable self-esteem thirst, are happy to accept an improved job title in lieu of a sizeable salary increase. And, it follows, the more problems people have with self-confidence and respect, the more they like to compensate with fancy titles.

The inflationary force of the job title is particularly rife in the service sector where people are driven more by carrot than by stick. A few examples include:

- An airline that has 54 levels, including four ranks of tea-lady.
- A bank that has more than 30 tiers with nearly a dozen known as "manager".
- A hotel chain with more than 40 job titles.

Some sectors inflate title grandiosity, but do not increase the number of ranks. This happens in the publishing world where to compensate for relatively low pay everyone is a "director".

But, as with all inflation, there are dangers. There is a limit to the number of grand titles that exist; the more they are used, the more worthless they become.

Far from being a cheap ego trip for staff, job title inflation often raises expectations that cannot be fulfilled. Traditionally, job titles prescribed what one did and did not do. Secretaries type for managers, who may have keys to the executive wash-room, an additional telephone or a company car. A title comes with a package of perks, which can be very costly.

Some companies, in a spirit of crypto-egalitarianism, have chosen to withdraw in-house signs of rank and privilege – the managerial dining room, car park, executive lavatories – while at the same time doubling the number of people with manager, director or some such term in the organisation.

Others are just bizarre. Not long ago a British quango had employees with the title of "general worker". Although this term seems more often used in an ant colony it endured for many years until job title inflation required it to be changed into "chemical facilitator" or "technical steward".

There are better ways of motivating staff than tripling the number of levels in an organisation. Those business gurus who suggest that the flatter the organisation the fatter the profits probably have a point.

*The author is head of the business psychology unit at University College London.*

## LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT
Mr. Registrar Buckley
No. 003741 of 1993

IN THE MATTER OF
MAXWELL COMMUNICATION CORPORATION PLC
(IN ADMINISTRATION)
and
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that by an Order dated 7th May 1993 made in the above matter, the Court has directed a Meeting to be convened of the Scheme Creditors (as defined in the Scheme of Arrangement hereinafter mentioned) of the above-named Company (hereinafter called "the Company") for the purpose of considering and if thought fit approving (with or without modification) a Scheme of Arrangement proposed to be made between the Company and its Scheme Creditors and that such meeting will be held at The Cafe Royal, 68 Regent Street, London, W1, England at 2.30 p.m. (London time) on 1st July 1993, at which place and time all such Scheme Creditors are requested to attend.

Any person entitled to attend the said meeting can obtain copies of the said Scheme of Arrangement, forms of proxy, copies of the Explanatory Statement required to be furnished pursuant to section 426 of the above-mentioned Act and other related documents ("the Documents") at Price Waterhouse (Ref: JGP), No. 1 London Bridge, London SE1 9QL, England, during usual business hours on any day (other than a Saturday, Sunday or Bank Holiday) prior to the day appointed for the said Meeting. Creditors who are owners of ECU 8⅞% bearer bonds 1988/93 (the "ECU Bonds"), Deutsche Mark 6% bearer bonds 1988/93 (the "DM Bonds") or Swiss Franc 5% bearer bonds 1988/95 (the "Swiss Franc 5% Bonds") issued by the Company (the "Bondholders") can also obtain copies of the Documents by contacting the agent bank for the relevant bond issue, namely Bayerische Vereinsbank AG at Kardinal-Faulhaber Strasse 14, 80331 Munchen, Federal Republic of Germany in respect of the ECU Bonds and DM Bonds, or Swiss Volksbank at Bahnhofstrasse 53, 8021 Zurich, Switzerland, in respect of the Swiss Franc 5% Bonds.

The said Scheme Creditors may vote in person at such Meeting or they may appoint another person, whether a Scheme Creditor or not, as their proxy to attend and vote in their place. To be valid, forms of proxy must be lodged with the Administrators at Price Waterhouse (Ref: JGP), No. 1 London Bridge, London, SE1 9QL, England, no later than 2.30 p.m. (London time) on 1st July 1993, but if not so lodged, they may be submitted at the said Meeting. Special voting arrangements have been made for Bondholders details of which are set out in the Documents. By the said Order, the Court has appointed Andrew Mark Homan or, failing him, Alan Rae Dalziel Jamieson or, failing him, Jonathan Guy Anthony Phillips or, failing him, Colin Graham Bird to act as Chairman of the said meeting and has directed the Chairman to report the result thereof to the Court.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

Dated this 14th day of May 1993

NORTON ROSE
Kempson House
Camomile Street
London EC3A 7AN

Solicitors to the Administrators of the Company

**INSOLVENCY ACT 1986**
**G W Joynson Commodities Limited**

NOTICE IS HEREBY GIVEN pursuant to Section 98 of the Insolvency Act 1986 that a meeting of creditors of the above named company will be held at Ernst & Young, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH on the 19 day of May 1993 at 2.30 pm for the purposes, if thought fit, of nominating a Liquidator and of appointing a Liquidation Committee. Any proxy to be used at the meeting must be lodged at the offices of Ernst & Young, Compass House, 80 Newmarket Road, Cambridge, CB5 8DZ not later than 12 noon on the business day prior to the meeting. A statement of claim must also be lodged.

NOTICE is also given that, for the purpose of voting, secured creditors must (unless they surrender their security) lodge a statement giving particulars of their security, the date when it was given, and the value at which they estimate it.

C J W Hill of Ernst & Young, Compass House, 80 Newmarket Road, Cambridge, CB5 8DZ is qualified to act as an insolvency practitioner in relation to the above named company and will furnish creditors, free of charge, with such information concerning the affairs of the company as they may reasonable require.

Dated this 26th day of April 1993
P W White
Company Secretary

**CITY SITE ESTATES PUBLIC LIMITED COMPANY**

A PETITION has been presented to the Court of Session, Scotland, by City Site Estates public limited company, whose Registered Office is at 116 Blythswood Street, Glasgow, for confirmation of reduction of share capital by the cancellation of the whole amount of its share premium account. In the Petition the Court has pronounced the following Interlocutor:

Edinburgh 12 May 1993
*The Lords, having heard Counsel for the* Petitioners, appoint the Petition to be intimated on the walls and to be advertised once in each of the Edinburgh Gazette, Financial Times and the Herald newspapers; appoint all parties claiming an interest to lodge Answers thereto, if so advised, within twenty-one days after such intimation and advertisement.

Signed
J. A. D. Hope I. P. D

Of all which intimation is hereby given.

McGrigor Donald
Erskine House,
68-73 Queen Street,
EDINBURGH

14th May. Solicitors for the Company

**THE INSOLVENCY ACT 1986**
**NOTICE OF INTENDED DIVIDEND**

Tony Chadd, a brickwork sub-contractor of Little Hilden, Park Road, Banstead, Surrey SM7 3EL lately carrying on business as Chadd Partners, General Builders at 100 Mill Lane, Carshalton, Surrey.
Croydon County Court 263 of 1991
Last date for proving: 16 June 1993
A final dividend will be declared within 4 months from the above date.
D J Pallen
Becket House, 1 Lambeth Palace Road,
London SE1 7EU
Date: 7 May 1993

## BUSINESSES FOR SALE

# Time to recycle plastic

A breakthrough has been achieved in recycling the plastic commonly used in food and beverage containers, polyethylene terephthalate (PET).

Food authorities in the US and Australia have approved a method of sandwiching recycled PET between virgin layers of the plastic, allowing material collected from consumers to be used again by the food industry.

The technique – called the Multilayer Repete System – has been developed by two packaging subsidiaries of the UK industrial conglomerate BTR, Continental PET Technologies of the US and ACI Petalite of Australia, in conjunction with an equipment designer, Husky Injection Mouldings of Canada.

It permits the co-injection moulding of two materials into a three-layer structure in which the recycled PET is laminated between an inner and outer layer of virgin PET to form the wall of a container.

To win regulatory consent, the middle layer of recycled PET was intentionally tainted with abnormally high levels of contaminants. Tests showed that the surrounding layer of virgin material effectively prevented the migration of contaminants which might survive the washing and moulding processes.

The "letter of no objection" issued by the US Food and Drug Administration was conditional on the recycled PET being separated from food by a virgin layer of PET at least 1/1,000in thick. By the end of this month, equipment to mould simultaneously up to 48 types of container will be in production.

Alan Jackson, BTR's chief executive, said: "The Multilayer Replete System provides the potential to increase significantly plastics recycling and we are continuing to develop the technology to broaden its range of packaging applications."

In Australia, ACI pioneered the development of PET recycling via kerbside collections throughout Australia. Its PET recycling plant at Wondonga in Victoria – the largest in the southern hemisphere – recycled more than 100m bottles in 1992.

**Andrew Bolger**

Without a European-wide policy on electronic road pricing, chaos could ensue, says **Richard Tomkins**

# Heavy toll to bear


This is the nightmare that could face European motorists in the last years of the 20th century.

All over the continent, countries are looking at ways of tackling congestion and raising revenues through the introduction of electronic road tolls. But unless they reach agreement on a common technology, the consequences for motorists could prove not only costly, but chaotic.

Drivers could, for example, find themselves having to fit their vehicles with a different type of electronic debiting device for every town or city they regularly visited. On top of that, they could need a separate system for paying electronic tolls on motorways. Different systems again could be required for competing private-sector toll roads. As for motorists driving regularly between different countries, they could find themselves laden with so many electronic devices that their vehicles would be left with little room for anything else.

This is one of the difficult issues confronting John MacGregor, Britain's transport secretary, as he contemplates the introduction of road user charges in the UK. Soon, he is expected to bring out a green paper proposing the introduction of tolls on the country's trunk roads and motorways.

In the run-up to this event, he has this week been looking at electronic tolling systems in Oslo, Norway, and Gothenburg, south-west Sweden, to see what lessons they can pass on.

What he found in Oslo was a curious hybrid between an urban road pricing system and motorway tolls. Since 1990, motorists passing any of 19 entry points to the city have had to hand over NKr11 (£1.05). (There are discounts for season tickets; lorries pay double.) But the aim is not to ease congestion by discouraging drivers from entering the city. Rather, as with MacGregor's planned motorway tolls, it is to raise money for building roads – in this case, the construction of roads in tunnels under the city to cope with projected traffic growth.

At most of the 19 entry points, motorists have three ways of paying the entry fee. Two are manual: typically, one lane allows drivers to hand over money and receive change and another two allow them to throw the exact payment into a basket before driving through. But a third, quicker method, allows drivers to open accounts with the toll-collecting authority and have their vehicles fitted with simple electronic tags, each reflecting a unique radar profile. This means they can pass the toll points without stopping; their tags are read by roadside beacons and their accounts are debited automatically by computer at the toll-collecting authority's headquarters.

As with most toll systems, there are no physical barriers at the toll booths; vehicles have their number plates photographed if their drivers fail to pay. In the electronic lanes, every approaching vehicle has its tag number compared with a list on the toll station's computer and if the corresponding account is not in credit, a photograph of the vehicle's number plate is recorded on disc. Once a day, the central computer at headquarters transmits an up-dated list of valid and invalid tags to every toll station computer, and once a day, each tolling station sends back to headquarters the computer data containing the photographic records of apparent offenders.

It sounds straightforward enough, but there are drawbacks with Oslo's electronic system. It is not linked to similar systems operating in two other Norwegian cities, Bergen and Trondeheim, so motorists moving frequently between the three need to open separate accounts in each city. Also, the verification system is relatively cumbersome and results in a lot of wasted effort on enforcement. Even in this relatively small city, with its population of around 500,000, the system is clocking up 5,000 violations a day. It turns out that most result from the delay in keeping toll stations up to date with information about motorists' payments into their accounts.

In Sweden, the system on trial in Gothenburg – yet to be brought into operation – differs radically from Oslo's in transferring the performance of the financial transaction from a central computer to the vehicle. Here, the driver charges up an electronic smart-card with money (probably at a petrol station) and plugs it into an in-car device that debits payments from the card when triggered by microwave signals from roadside transmitters.

There is no transaction with any centralised computer; indeed, the system does not need to know anything about the vehicles that pass as long as the in-car device is working. It only becomes involved if the beacon fails to receive a positive response from an in-car device, at which point the vehicle's number plate is photographed for follow-up action.

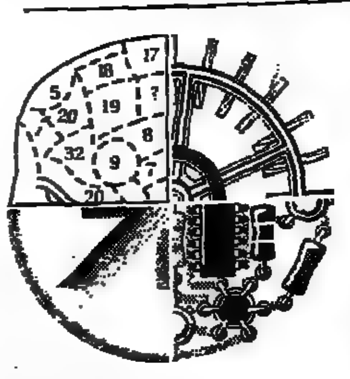
Some Norwegians are scathing about the Swedish experiment. They believe it is vital to keep road pricing technology as simple as possible at the point of use. Transferring the intelligence from a central computer to the vehicle means transferring not only the cost of the technology to the vehicle owner, they say, but also the risk of electronic or mechanical failure, or tampering.

But the Swedes have a persuasive response. The Norwegian system, they point out, requires a constant verification process between toll station computers and a central computer holding details of subscribers' accounts. While this may be feasible on a small scale in a city such as Oslo, the sheer scale of the data transactions involved would make the system hopelessly unwieldy in cities with higher traffic densities and even more so if extended across entire countries. The existence of central computer records of vehicle accounts also raises issues of privacy.

Encouragingly, the Swedes recognise the importance of developing a European-wide road-pricing technology and are working with an EC road informatics programme called Drive to evolve common standards.

One thing that looks certain is that it is not going to get any cheaper to drive from one end of Europe to the other. But at least it may be possible to do so with just one device inside your vehicle, one smart-card to insert into it, and without anyone knowing where you have gone.

## Worth Watching · Della Bradshaw



### Knowing where you stand with buses

Bus passengers in the West Midlands will be the first in the UK to benefit from an information system which uses satellite technology to inform travellers when the next bus will arrive.

Centro, the West Midlands Passenger Transport Executive, has placed a £1.2m contract with a consortium led by ICL Enterprises to develop a pilot system to operate on two bus routes from the summer of 1994.

The buses will carry equipment to enable them to calculate their position within 30 yards, using the global positioning system navigational satellites. The bus then sends this information back to base by radio.

By sampling the position of the bus every 30 seconds and combining this with knowledge of the route held on the central computer, software algorithms can calculate when the bus will arrive at each stop. This information will be displayed on electronic screens at the bus stops. Centro: UK, 021 200 2787.

### Helicopters fly with fuzzy logic

Because helicopters are difficult to operate, many companies have a hard time recruiting pilots for dangerous activities such as mountain surveys or photography of dangerous sites.

The Tokyo Institute of Technology and the Omron Corporation believe they could have solved the problem with an electronic control system for unmanned industrial helicopters.

The control system uses "fuzzy" logic, a computer technique designed to handle unpredictable sequences of events such as the flying movements of a helicopter.

The Tokyo Institute developed the control programs and Omron the chips and other hardware for the project. For the field test the organisations used a Yamaha craft with a 20kg payload. Omron: Japan: 813 3436 7139.

### Outsourcing on the increase

The UK market for information technology outsourcing is likely to double in value to between £500m and £1bn by 1995-96, according to a Mori survey.

The survey of 50 senior directors in large companies was sponsored by IBM Information Solutions and the results published by the Institute of Directors.

According to the report – The Director's Guide to Outsourcing IT – 22 per cent of the companies questioned said they were likely to outsource their internal IT department within the next two years. IOD: UK, 071 730 6060.

### Voiceovers for the visually impaired

Visually impaired television viewers could soon be given "voiceover" commentaries during breaks in the dialogue to help them follow events on the screen.

The Independent Television Commission of Winchester, has contracted Portset Systems to develop a way of compressing and coding this commentary into a digital signal to be broadcast alongside the programme. The signal is decoded into speech by a box which sits on the TV set. The Audetel (audio description of television) equipment should be ready in about a year. ITC: UK, 0962 848647.

### DCC players ready for launch

Japan's Matsushita Electric and Philips Electronics of the Netherlands plan to break into the market for personal cassette players with the first portable players for digital compact cassette, the new music format.

An estimated 75 per cent of the 200m analogue cassette players sold today are portable.

Matsushita will sell the unit in Japan from June at Y60,000 (£350) each, followed by a US launch. Philips plans a similar launch date. Matsushita: Japan, 06 908 1121. Philips: Netherlands, 40 736 106.



## PEOPLE

### Invesco goes for safety

Invesco MIM is expected shortly to appoint Bill Stuttaford, currently chairman of Brown Shipley Investment Management, as non-executive chairman of its European regional business.

Invesco, which expects the nearly two year long investigation by regulators Imro to be concluded within the next thirty days, is engaged in a drive to break away from its over-exciting past, restore its battered reputation and replace a number of high-profile departures.

Stuttaford, 64, is a well known City figure in broking and fund management circles. Chairman of the Unit Trust Association between 1987-1989, his heyday was building up fund manager Framlington; the latter was taken over by Throgmorton in an acrimonious bid battle, and Stuttaford left a year later for Brown Shipley. Brown Shipley Holdings in turn has just been purchased by Sir Ron Brierley's Guinness Peat.

Stuttaford, while generally well-liked, has little track record in turnaround situations - and it is medical not company doctoring that his brother Thomas, medical columnist on The Times, knows about.

While Charles Brady is executive chairman of the main board, the group is devolving regional control to three subsidiary boards splitting up the US, Europe and the Far East. Norman Riddell is the recently arrived chief executive of the European operation.

Many of the links with Invesco MIM's past and the days of ex-chairman Lord Stevens and Britannia Arrow are being severed.

Kevin Ney and Lord Rippon, who have both been on the board since 1977, are stepping down at the June agm as is Sir David Nicolson.

### Non-executives

Brent Walker, the pubs and betting shops group which last year completed a £1.65bn refinancing, has strengthened its board with a second recruit from the property world. Stuart McDonald, a long time associate of the Beckwith brothers, the property developers, has joined the board as a non-executive director.

McDonald, who resigned from London & Edinburgh Trust last September, along with the Beckwith brothers, has a strong financial background. He spent his early career on the corporate finance side of N M Rothschild before becoming joint chief executive of LET where his duties included group finance together with control of group banking and institutional relationships. McDonald is the second non-executive to be recruited by Brent Walker's new chairman, Sir Keith Bright. Sir Brian Goswell, senior partner of Healey Baker, joined the board in March.

■ The Hon James Suenson-Taylor, a grandson of founder Sir John Moores, at The LITTLEWOODS ORGANISATION.

■ Alastair Deakin, finance director of Hewden Stuart, at CLYDE BLOWERS.

■ Martin Rafferty, chairman of the Industrial Development Authority and the Ulster Investment Bank, at JEFFERSON SMURFIT; Billy MacDonald has resigned.

### Smooth run at St Ives

There will be plenty of corporate financiers in the City who will cast an envious glance at the ease with which 43-year-old Miles Emley has switched careers and landed the chairmanship of St Ives, one of the biggest and most successful companies in the international printing industry.

It is less than a year since Emley, then head of corporate finance at UBS Phillips & Drew, was offered the job as deputy chairman of St Ives by the firm's founder, Bob Gavron. Emley didn't start until October, but yesterday he was promoted to chairman with immediate effect.

Emley has spent most of his career as a merchant banker with N M Rothschild and it was whilst he was there that he helped bring St Ives to the stock market in 1985. Gavron says that Emley has been closely associated with the company ever since and has been consulted on all strategic decisions. Gavron says that he saw no reason to delay the handover once Emley had proved that he could fit in.

Although Gavron insists that "there is only room for one leader" at the top of St Ives, the new executive chairman will not be short of experienced boardroom colleagues to bounce ideas off.

Gavron will remain on the board until he reaches normal retirement age in September 1995 and Brian Edwards, the group's 43-year-old managing director, has been with the group since 1978.

Gavron admits that "it will be very difficult to let go" of a company that he founded nearly 30 years ago, but is looking forward to spending more time on some of his other interests. He owns The Folio Society and Carcanet Press and is chairman of the Open College of the Arts.

He has marked his decision to step down as chairman by cutting his family's stake in the business by nearly half. However, after the sale of 6.7m shares, the Gavron interests will retain 8.4 m shares, representing 8.5 per cent of the company. Gavron himself will remain the biggest shareholder and intends to hold his remaining 7m shares as a long term investment.

### Pit closure winner

It was Peter Loughead, a high-flying civil servant, the government turned to last year when it realised it had made a mess of plans to close 31 pits. He readily fulfilled his ministers' wishes.

The white paper which subsequently emerged from the coal review he headed was widely viewed as a masterpiece of presentation.

Without changing significantly the market for coal, it provided a reprieve for 12 pits and was embraced by potentially dissident MPs.

The government has now rewarded Loughead by appointing him head of the department of trade and industry's coal privatisation unit. He will lead a team of 15.

The job is a civil service grade three post, the level to which Loughead rose when he was hastily recruited from the Treasury in November.

Salaries for grade three appointees, formerly called under-secretaries, range from £51,272 to £59,280.

Loughead, 42, educated at Liverpool Institute High School and Lincoln College, Oxford, started his civil service career 18 years ago in the department of prices and consumer protection as an administrative trainee.

He moved to the DTI's European policy division in 1985 as a grade five worker. Five years later he joined the financial services division which transferred to the Treasury in June 1992.

Coal privatisation is expected in the next parliamentary session. With coal markets shrinking in the face of increased competition from gas, few people expect the queue of potential buyers to be long.

Among the decisions facing Loughead's team will be whether to break British Coal into small units or sell it as one or two large chunks.

■ Lord Mark Fitzalan Howard, a director of Robert Fleming Holdings, has been appointed a director of the UNIVERSITIES SUPERANNUATION SCHEME and the chairman of its investment sub-committee.

■ David Ashton, dean of Lancaster University Management School, has been appointed joint chairman of the ASSOCIATION OF BUSINESS SCHOOLS.

'The Island' by Elinor Bellingham-Smith, 1951

# Welcome showcase for British art

## William Packer on the Arts Council's rehang at the Festival Hall

One of the good things to come out of Tony Banks's stint as cultural supremo of the old Greater London Council, in the period of its last controversial fling before abolition, was the liberating of the Royal Festival Hall. It has proved a lasting legacy. From being an echoing desert, its vast foyer was transformed at once into an agreeable and useful public space, a lively yet easy social rendezvous, with its shops and bars and cafes, its free concerts and exhibitions.

Not that the actual demonstration always lived up to the principle. The eager populism of its instigators tended too much at first towards an hectic and undifferentiated hubbub of competing activities. The visual arts suffered particularly by it, regularly demeaned, as I remember, by unconsidered hangs on temporary and inappropriate screens.

But the policy at large was rightly persevered with, and ten years on is now a matter for true celebration. The practical lessons were quickly learned, the polemic quietly dropped, and the exhibitions, some 20 of them every year, soon put on with an admirable and effective professionalism.

The current celebration falls into two complementary parts, the one rather longer term than the other. Home as it now is of the old exhibitions department of the Arts Council, the Festival Hall is also home to the Arts Council's by now huge collection of modern British art, that fuels its loan and touring exhibitions. It amounts to some 7000 drawings, paintings and sculpture, prints and photographs. The Festival Hall is itself a handsome building, well worth celebrating, and what could be better than to put out a few choice items of the collection to occupy those long clean walls and wide lobbies, landings and terraces.

The latest rehang does just that, spreading nearly 50 assorted works around the place, on every level from 1 to 6 and dating from 1951 and the opening of the Hall itself, up to the day before yesterday. The point is less to present a coherent if scattered exhibition than to offer the works for themselves on their own terms, to be come upon in the course of the building's natural public use, just as they might be, *mutatis mutandis*, in any other miscellaneous collection, public or private. On the Green Side are the quieter and more contemplative pieces, on the Red the more challenging and confrontational. And from Reg Butler, Prunella Clough, Victor Willing and Richard Long downstairs to Paula Rego, Peter de Francia and Elinor *Bellingham-Smith* at the very top, it is a point well made.

The more temporary and particular exhibition in the main Foyer itself, of *Recent British Painting* and as well set up as ever, is somewhat more questionable. *Malgré* the more strident of my critical colleagues to the left of me, the more theoretical and doctrinaire of my curatorial friends to my right, I can tell you now that painting is not dead, nor even moribund. It never was. The only question is: what sort of painting do we mean.

Here, of the currency of recent years, is what has lately caught the Arts Council's collective eye, and it includes, I must admit work by artists, such as Edwina Leapman, Peter Joseph, Yuko Shiraishi and Mikey Cuddihy, whom I respect. The elegant minimalism of Joseph and Miss Leapman, oddly rich and expressive and nervously intuitive respectively, particularly intrigues me. I have never disavowed abstraction as such, nor do I intend to do so now; but here, in what is almost uniformly an abstract show, even the work I admire most seems now diminished, if only by a little, by an evident orthodoxy.

The fault lies not with the artists themselves, who are ever free to work in whatever way they feel most appropriate to what they wish to achieve. Abstraction, after all, along with expressionism and surrealism, conceptualism and all the rest of it, is the legitimate gift of modernism, and it is not going to go away. But when we begin to feel that the artist must now work only in a certain way in order to be noticed, let alone taken seriously, then a certain resigned despair does set in.

Here we have, for the most part, conventionally large canvases, on which a colour or tonal field is activated by a graphic or gestural incident of some kind. It may be delicately done, done even with an exquisite aestheticism – but how soon such stuff sinks back into the formulaic and the merely decorative. What little figurative reference there is tends to be perfunctory and symbolic – symbolic, that is to say, in the sense that the mere proposal of the image is enough, and the realisation may be taken as read. Has Peter Doig, with his "Red Deer", ever sat out in the forest, and drawn the trees and the deer, indeed ever looked at more than a photograph of his animal friends? I think not.

And are those who collect thus on our behalf really saying that nothing else of interest has been done these past 10 years or more? Is it now truly *passé*, irrelevant, a waste of time, to set up a still-life for proper scrutiny, to work from the head or the figure, to sit out in the field and paint the landscape? Is that the kind of painting that has died? They would indeed seem to say so, by so narrow a choice as this.

If there is a proper subject of current debate in the visual arts, it is not at all to do with the variety or even the perversity of particular interest or activity, but only this. It is simply the fashionable, narrow, unthinking exclusivity of our cultural officers, in the interests they pursue and decisions they take on our behalf, a narrowness never excused, never defended, never explained. We are all ears.

**Moving into View: Recent British Painting, New Acquisitions & Works from the Arts Council Collection. Royal Festival Hall, South Bank SE1, until May 23**

Opera/**Andrew Clements**

# New Visions, New Voices

May has become London's month for bold new opera ventures, or so the theory runs, as both the Royal Opera and English National strive to prove that they have the future health of the genre at heart. Another round of the Royal Opera's Garden Venture is due in two weeks; ENO promises a package of its ten-minute "Soundbites" next Monday and Tuesday at the Donmar Warehouse, while "New Visions, New Voices" has been organised under the auspices of the Baylis Programme this week in the Royal College of Music's Britten Theatre.

Such a flurry of earnest activity continues to paper over the real problem – the absence of a regular London outlet for small-scale new opera by established composers. It's all very well for the Garden Venture to pat itself on the back for providing young composers with an opportunity to attempt a theatre piece, but it blithely ignores the reality that the gap between such gimcrack pieces and a fully fledged score for the opera house remains unbridgeably vast. Far better for Covent Garden to devote those same resources to a regular season of works that would be inappropriate in the ROH itself, yet would properly complement the programme in the main house.

At least ENO now appears to have in place a career structure of sorts for its composers; the collaboration with the Almeida Theatre for a summer festival (with new works by Julian Grant and Kevin Volans this July) should offer the serious chamber dimension, "Soundbites" occupies the experimental niche, while "New Visions, New Voices" is aimed at the real beginners; the four works mounted at the RCM were selected from the hundred-plus submitted in response to a public appeal for new talent last year.

Once again, however, sincere intentions seem to have blurred the clear focus of the final product. The range of ability and ambition in the works chosen for "New Visions, New Voices" seemed impossibly wide. At one end of the spectrum was *Melissa's Maelstrom* by the 16-year-old twins Dina and Rosabella Gregory, showing a promising ear for word setting (in a style that rather alarmingly combined elements of Michael Nyman and Lloyd Webber); at the other was the slick *The King Comm* by Fabienne Audeoud, who has already presented her own multi-media shows across Europe and has clearly acquired a full complement of post-modern pretensions to go with them. Somewhere between came Richard Chew's *Still*, to a text by James Yarker, which was both confused in its period-hopping dramaturgy and uncertain in its musical stance, and Tom Green and Todd McNeal's *Inspector Otto and the Long-haired Bicycle Maniac*, an ecoparable which at least managed not take itself too seriously.

They all made, though, for an over-extended and depressingly routine evening. Each work was at least 15 minutes too long, and the self-congratulatory air of the whole enterprise seemed to have prohibited any suggestion of self-criticism. The productions (two by David Sulkin, one each by Stephen Langridge and Rebecca Meitlis) were solid enough, and the casts of student singers from the RCM included some sterling performances, especially from the mezzo Lilli Paasikivi and the tenor Michael Hart-Davis. For those at least, one could be grateful.

★

The National Theatre's "Springboards" season, its showcase of studio work in the Cottesloe, also finds room for a new chamber opera, presented in collaboration with the Leicester Haymarket. Andrew Poppy's *Baby Doll* transforms Tennessee Williams' screen play into a continuous 90-minute piece; Fiona O'Neill takes the title role, Simon Masterston-Smith and John Upperton play the husband Archie Lee and the seducer Silva respectively.

Poppy is a graduate, if that's the right word, of the very first Garden Venture in 1989, which included his *The Uranium Miners Radio Orchestra Play Scenes from Salome's Revenge*. What he has carried over from that experience, apart perhaps from a need for shorter titles, is hard to discern; certainly not a greater flexibility or purpose in his vocal writing, which flattens every hint of humour or irony from Williams's lines, or a lighter touch with his instrumentation, which clumps along in a fractured minimalist way. *Baby Doll* the opera seems a thoroughly pointless and exercise, which really made one wonder whether all these new outlets for that notional reservoir of untapped operatic potential are fostering any worthwhile talents whatsoever.

**"New Visions, New Voices", sponsored by British Gas, at the Britten Theatre, Royal College of Music; further performance tonight.**

***Baby Doll*** **at the Cottesloe Theatre; further performances tomorrow and at the Leicester Haymarket from May 18**

Fiona O'Neill in 'Baby Doll' Andrew Poppy's operatic adaptation of Tennessee Williams

Recitals at the Wigmore Hall

# Alexei Lubimov and Nathalie Stutzmann

Nobody should think that "fortepiano" is a specific term; it used to mean the same thing as "pianoforte", and nowadays suggests only that the instrument in question is fairly antique. The Wigmore Hall's May brochure billed Cyril Huvé as playing an 1828 Pleyel piano last week (reviewed here by Max Loppert), and Alexei Lubimov a "fortepiano" – but on Tuesday the latter proved to be a sumptuous 1858 Broadwood.

Lubimov is an ancient-and-modern specialist from Moscow, allowed to make Western appearances only since 1987. That has been our loss: his programme was a joy to hear. It was hardly possible to distinguish the special period charms of the instrument from the genial musicianship of the pianist, though Glinka's variations on a Bellini tune (from *I Capuleti ed i Montecchi*) were surely enhanced by the twinkling sound.

In familiar Liszt and Chopin, Lubimov offered more imaginative faithfulness than I have heard in some time, different in innumerable details from the "standard" readings. But every time one thought, "Now, *there's* something you couldn't do on a modern grand!" it was also something that perhaps only Lubimov would have thought of doing anyway. The sound never seemed miniaturised: the third and fourth Chopin Ballades rose to glorious climaxes, and the three members of the audience who left before the encores missed a magnificent Barcarolle.

Perhaps Liszt's "La Leggierezza" had a magical whisper that could never be drawn from the Wigmore's new Bösendorfer, but even there Lubimov was achieving pedal-effects of a rare, inspired order. (This Broadwood must have been reckoned a miraculous instrument in its day.) What characterises antique piano-sound is the relative audibility of the hammers against the slighter, less carrying resonance of the strings; with a musician like Lubimov, one was the more struck by his singing legato, expressive down to the least breath.

It was somewhat shocking to realise that most so-called "Chopin specialists" in fact hew to a tried-and-true party line. Were there more pianists with Lubimov's artful delicacy, sweetness and interpretative breadth, the party line might wilt away altogether.

**David Murray**

This is a very special voice: low-lying, dark-toned, dense-textured, rich but not heavy, round but not loose or slack-muscled. Even if the species female contralto were not almost extinct – as now seems to be the case internationally – its owner, a young Parisian still only in her 20s, would probably have speeded her way through the ranks all the same. The reason is her captivatingly individual quality of tone and timbre, and the capacity she has shown for delivering fast-moving, highly ornate 18th-century vocal writing with exciting virtuosity and [illegible]

Several recent Handel recordings, notably Erato's wonderful *Amadigi* and an RCA set of Handel arias, have already cast Nathalie Stutzmann as their *primo uomo*, to their greater glory; her first London recital, on Wednesday, was an opportunity to savour this voice in different musical conditions, and in the uniquely sympathetic acoustics and environment of the Wigmore Hall. The voice survived the test handsomely – it is a remarkable instrument – but the artistry was shown in a slightly less encouraging light.

It was a "straight" song recital, not a "live" display of the Baroque vocal skills already demonstrated on record: Schubert and Schumann in the first half, Fauré and Debussy in the second. That was plainly an error of judgment, for on this evidence Miss Stutzmann's singing of *Lieder* and *mélodies* is tethered at the advanced-student level – cautious, apt to favour slow tempos and solemn moods (and to make a meal of them), concerned to produce nice sounds rather than to frame alert verbal statements.

Consonants were swallowed in almost every sentence – surprisingly, this proved no less true in her native tongue than in German – and rhythms allowed to go slack; impeccable legato was not a cherished aim. (The erratic pianist, Cathérine Collard, provided little counterbalance.) Individual phrases may have made a pleasing impression, but the sum total was of well-intended un-clarity and immaturity. Miss Stutzmann should be encouraged to return here soon – with a more suitable programme and a sharper artistic focus underlying it.

**Max Loppert**

Pop/**Antony Thorncroft**

# Elton John: back on song

Elton John is still standing. He is also still straddling the keyboards; boogeying; camping it up; and, a first for him, spitting. After battles with drugs, sexual orientation, hair lines and, judging by a lack lustre performance at Wembley last summer, his talent, he has won through. At the Earl's Court on Wednesday he was decidely on top.

Of course it is all much duller these days. After the years of entertainment from Elton's fantasies we now the get man plain, as unadorned and artless as an accounts clerk. He is dressed soberly by Versace rather than outrageously by Walt Disney and the frissons of the past which made his performance poignant, like watching a man on the edge of a precipice, are missing. He does not live out the songs so emotionally, and the songs tend to be up-beat and noisy. But who can begrudge Elton his new found enthusiasm.

The set, too, is functional, a lighting designers playground, and apart from some dancing lasers, the only surprise is when the keyboard unit transforms into a space pod and lifts Elton into the air and revolves him round the stage. You are left with the music, belted out by the inevitably professional and discreet band, spearheaded as ever by Davey Johnstone on guitar.

Since the John-Taupin songbook is arguably the finest in pop there are bound to be blissful moments, especially a plaintive and simple "Sorry seems to be the hardest word", and "Empty Garden", his homage to John Lennon. But in the main he was sweeping away the cobwebs by blasting out the belters, like "Benny and the Jets" and "The Bitch is Back".

Sometimes there were signs that a man could get bored after 20 years of global touring. His extended keyboard intros threatened to out-last the melody, and "Sad Songs" received such a protracted build up that you were bored before he hit the theme. But as he climaxed this AIDS benefit concert with Freddy Mercury's "The Show Must Go On" you felt that Elton was more at home communicating with ten thousand strangers than confined to his own company.

# INTERNATIONAL ARTS GUIDE

**After a closure of more than four years, the Freer Gallery in Washington has reopened with vastly expanded storage, conservation and exhibition space. The gallery originally opened in 1923, the gift of a Detroit railroad-car manufacturer who left to the American nation his collection of Asian and 19th and early 20th American art. The expansion, catering for the dramatic increase in the size of the collection, came about as a result of a decision by Congress to fund an underground passage between the Freer and the nearby Arthur Sackler Gallery, which also holds Asian art and shares staff. With above-ground expansion restricted on Washington's National Mall, excavation of the passage became the spur for a 13,000 sq ft expansion beneath the Freer's central courtyard. The end result was a US$2.5m (£1.6m) programme enabling the creation of a subterranean exhibition hall, complete refurbishment of the original museum and landscaping of the surrounding grounds. Charles Lang Freer assembled a superb collection of Chinese, Japanese, Korean and South Asian paintings, screens, ceramics, sculpture and decorative arts. He also owned the world's largest collection of works by Whistler, including a 20ft by 32ft compartment, the Peacock Room, the centrepiece of which is Whistler's painting The Princess from the Land of Porcelain (1863-4). The room's decorative scheme has now been cleaned and conserved, with the addition of appropriate porcelains.**

## EXHIBITIONS GUIDE

**AMSTERDAM**
**Van Gogh Museum** Walter Sickert retrospective. Ends May 31. Also Courtesans in Japanese Prints. Ends Aug 29. Daily
**Rijksmuseum** The Jacobus Klaver Collection: 100 Dutch 17th and early 18th century drawings. Ends July 25. Closed Mon
**Stedelijk Museum** David Robilliard (1952-88), British painter-poet. Ends June 1. Daily
**ANTWERP**
**Musée Royal des Beaux-Arts** Jacob Jordaens: large-scale retrospective of the baroque painter born 400 years ago in Antwerp. Ends June 27. Closed Mon
**Rubenshuis** Rubens Cantoor: 80 drawings from the Danish royal collection of designs and study materials from the 17th century Flemish master's office. Ends June 27. Closed Mon and May 20
**BALTIMORE**
**Walters Art Gallery** Sisley: 65 works by the master impressionist. Ends June 13. Closed Mon
**Museum of Art** Three Master Printmakers from the 19th Century: 75 rare prints by Delacroix, Manet and Cassatt. Ends May 30. Also Chinese Children's Hats. Ends June 26. Closed Mon and Tues
**BARCELONA**
**Fundacio Joan Miro** Joan Miro: large-scale centenary exhibition. Ends Aug 30. Closed Mon
**Museu Picasso** Kasimir Malevich (1878-1935): 42 oil paintings on loan from St Petersburg. Ends June 6. Closed Mon (Carrer Montcada 15-19)
**BASLE**
**Kunstmuseum** Hermits in art from 15th to 20th century. Ends May 23. Daily
**Museum für Gegenwartskunst** Brice Marden (b1938): drawings, watercolours and oils 1978-92. Ends Aug 1. Closed Tues
**BERLIN**
**Martin-Gropius-Bau** American Art in the 20th Century: a monumental survey containing 200 works by 60 prominent artists. Ends July 25. Closed Mon (This exhibition will be shown in London in the autumn)
**Altes Museum** The Etruscans and Europe. Ends May 31. Closed Mon
**CHICAGO**
**Art Institute** Magritte. Ends May 30. The Moscow Avant-Garde 1955-91. Ends Aug 15. Daily
**LONDON**
**National Gallery** 18th and 19th century paintings and drawings from Lille. Ends July 11. Also Paintings from the Bowes Museum. Ends June 20. Daily
**Tate Gallery** Georges Braque: prints from private French collections. Ends June 27. Visualising Masculinities. Ends June 6. Daily
**Royal Academy of Arts** Georges Rouault 1903-20. Ends June 6. Daily
**Hayward Gallery** Georgia O'Keeffe. Ends June 27. Also James Turrell installations. Ends June 27. Daily
**Accademia Italiana** Italian Art Treasures, including works by Guercino, Domenichino and Caracci. Ends July 25. Daily
**Marlborough Graphics** Graham Sutherland as Printmaker 1950-80. Ends June 12. Closed Sun
**MADRID**
**Fundacion La Caixa** The Influence of Miro on Spanish Art: 10 paintings and four drawings by Miro himself, plus 50 others by masters of different generations and styles, including Picasso, Tapies and Arroyo. Ends June 6
**Fundacion Juan March** Picasso and the Three-Cornered Hat. Ends July 4. Daily
**MUNICH**
**Alte Pinakothek** The Fame of the Hero: 17th and 18th century historical and genre paintings from the French, Flemish and Dutch schools. Ends July 11. Closed Mon
**Villa Stuck** Avant-Garde and Ukraine 1910-36. Ends July 11. Also Sol LeWitt (b1929). Ends July 18. Closed Mon
**Kunsthalle der Hypo-Kulturstiftung** Picasso: After Guernica. Ends June 6. Daily
**NEW YORK**
**Metropolitan Museum of Art** Abstract Expressionism: works on paper from the period 1938-67 by 19 American artists. Ends Sep 12. The Havemeyer Collection: 450 works ranging from French impressionists and old masters to Asian art and Islamic pottery. Ends June 20. Closed Mon
**Museum of Modern Art** John Heartfield: powerful political images by the German inventor of photomontage. Ends July 6. Closed Wed
**Whitney Museum of American Art** 1993 Biennial. Ends June 13. Closed Mon
**PARIS**
**Centre Georges Pompidou** Matisse 1904-17. Ends June 21. Closed Tues
**Grand Palais** The Century of Titian. Ends June 14. Also Amenophis III. Ends May 31. Closed Tues, late opening Wed (ave du General Eisenhower)
**Musée d'Orsay** 1893: The Europe of Painters. Ends May 23. Closed Mon, late opening Thurs (quai Anatole France)
**Musée Picasso** Picasso and the Bulls. Ends June 28. Closed Tues
**Museé du Luxembourg** Roman Wall Paintings around Narbonne. Ends July 4. Closed Mon (19 rue de Vaugirard)
**Le Louvre des Antiquaires** The Shine of Pewter: 300 jugs, plates and dishes recreating 16th-18th century table settings. Ends July 17. Closed Mon (2 place Palais Royal)
**Petit Palais** The Splendour of Russia: a thousand years of goldsmiths' work. Ends July 18. Closed Mon
**PRAGUE**
**Convent of St George** Bohemian Heaven: the Topography of Pilgrimage Sites and Iconography of Patron Saints in the Bohemian Baroque. Ends June 13. Closed Mon (Prague Castle)
**Zbraslav Chateau** Vaclav Cigler (b1929): drawings, sculptures and landscape installations. Ends June 27. Closed Mon (Zbraslav Nad Vltavou, Prague 5)
**Wallenstein Riding School** Bohumil Kubista (1884-1918): 160 works by one of the strongest personalities at the dawn of Czech modern art. Ends May 30. Closed Mon
**Kinsky Palace** French and Czech Graphic Art 1897-1947. Ends June 29. Closed Mon
**RENNES**
**Musee des Beaux-Arts** French 17th Century Paintings: 130 works, divided into five sections, offering a panorama of the styles at work in a lively period in French art. Ends June 20. Closed Tues
**ROME**
**S Michele a Ripa** Borghese Collection: works by Titian, Caravaggio, Rubens, Raphael and others, on show in this deconsecrated church while the villa in the Borghese gardens is being restored. Ends Dec 31
**Palazzo Venezia** Rome under Sixtus V. Ends May 30. Closed Mon
**SPEYER**
**Historisches Museum der Pfalz** Three Millenia of Egyptian Culture: masterworks of Egyptian-oriental art from the Vienna Kunsthistorisches Museum. Ends Aug 1. Daily
**STUTTGART**
**Galerie der Stadt** Munch and his Models. Ends Aug 1. Also Pompeii Rediscovered. Ends July 11. Closed Mon
**VIENNA**
**Albertina** Dutch and German Drawings from Mannerism and the Baroque: works by Goltzius, Rubens, van Dyck and others. Ends July 11. Daily
**Kunsthistorisches Museum** From Bruegel to Rubens: paintings and drawings from the golden century of Flemish art. Ends June 20. Closed Mon
**Kunstforum** Vienna Biedermeier. Ends June 27. Daily
Historisches Museum Ferdinand Georg Waldmüller: 40 oil paintings by leading exponent of early 19th century Viennese Biedermeier. Ends May 30. Closed Mon
**Künstlerhaus** The World of the Maya. Ends June 27. Daily
**KunstHaus** Andy Warhol. Ends May 31. Daily
**WASHINGTON**
**National Gallery of Art** The Great Age of British Watercolours 1750-1880. Ends July 25. Also Great French Paintings from the Barnes Foundation. Ends Aug 15. Daily
**National Portrait Gallery** American Art at the 1893 World Fair. Ends Aug 14. Daily
**National Museum of American Art** Masterworks from American Art Forum Collections 1875-1935. Ends July 5. Daily

# In a squeeze over tax

## George Graham on the impact of a transatlantic dispute


Foreign governments, businesses and tax lawyers are waiting anxiously for a decision from the US Supreme Court that could have far-reaching consequences for the way in which multinational companies are taxed. It could possibly trigger a transatlantic tax war.

The court is expected to announce on Monday whether it will hear the case of Barclays Bank International versus the Franchise Tax Board of California, an appeal against the state's system for assessing tax on companies that do business within its borders.

Yesterday, however, the UK raised the stakes with the pre-emptive announcement of retaliation if the issue is not resolved by the end of this year. The proposed action, announced yesterday in the Commons by the chancellor, would eliminate the partial refund of corporation tax that US companies now receive from the Inland Revenue on dividends paid by UK subsidiaries to the US parent. This would, in effect, increase their tax rate from 28 to 33 per cent and could cost US businesses, such as banks, oil companies and chemicals concerns, an estimated £250m a year.

Barclays' 10-year suit involves both a great deal of money – as much as $4bn for the virtually bankrupt state of California – and a substantial point of principle: a potential challenge to the web of bilateral agreements which allows companies to conduct their business in different countries without suffering beggar-thy-neighbour taxation on each side of the border.

One foundation of most of these agreements is the arm's length principle. In determining how much of a multinational company's profits should be assessed in each country, tax inspectors require the group to record the prices at which goods and services are transferred between subsidiaries in different countries as though they were being sold to independent customers.

These transfer pricing calculations are easy enough for basic commodities such as oil, or even for more complex components for which a market price can be established. They can be much harder in other cases, such as for the calculation of royalties on a unique soft contact lens technology, to cite a case the US Internal Revenue Service lost to the Bausch and Lomb optical group.

Many US politicians and tax collectors believe there are wholesale abuses of the system by foreign companies which manipulate their transfer prices to shift taxable income out of the US and overseas, either to their home country or to some fiscal haven with a lower corporate tax rate.

As a result, some US tax authorities favour a simpler formula for estimating how much of a group's profit should be taxed in each state or country. They take the company's overall profits and divide them by the percentage of its payroll, sales and property in their state.

The problem arises when California seeks to apply this approach not just to the profits of a single company legally incorporated in the state, but also to the profits of other companies in the same group which the state views as a single business unit.

California occasionally used this unitary taxation method between the 1920s and the 1970s. It provoked no complaints. From 1970 onwards, however, the state began to apply the unitary method "whenever related entities exhibited a unitary business relationship", according to Mr Benjamin Miller of the Franchise Tax Board, extending it to the worldwide operations of multinationals.

The Supreme Court has seen no intrinsic problem in unitary taxation, validating the method in its 1983 decision in a case brought by Container Corporation against the Franchise Tax Board. But it has expressly reserved judgment on its application to foreign-based businesses, where the method faces a very specific challenge: Barclays argues that California's approach is illegal because it interferes with the federal government's sole right under the US constitution to regulate foreign commerce.

Past US administrations have agreed, filing briefs with the Supreme Court in support of Barclays. The Clinton administration, however, has reversed this position and filed no brief on Barclays' latest bid to have the case heard.

The White House's principal concern appears to have been the perilous condition of California's finances. The state last year had to pay its workers in IOUs after failing to agree a budget. This year, with the region still in recession, it faces another $8.6bn shortfall, which must be met by higher taxes or lower spending.

The Barclays case alone could cost California about $520m in tax and interest to the British bank and to other companies in a similar position, and $350m of taxes assessed but not yet collected.

Potentially far more serious is a closely related case brought by Colgate-Palmolive, the US household and hygiene group, challenging the inclusion of foreign subsidiaries in a unitary assessment. This involves about $1.2bn in possible refunds and the loss of some $1.9bn which the state still hopes to collect.

Ironically, most of the facets of unitary taxation that foreign companies and governments find objectionable have been eliminated, following pressure from the Reagan administration in the 1980s.

Since 1988, companies operating in California can now elect to be taxed on a "water's edge" basis, which includes only their activities within the US in the unitary assessment. However, they still complain about the cost of preparing different accounts for California and about the fee they have to pay for the "water's edge" choice, which brings the state $30m a year. Other states – except Alaska, which applies unitary taxation to oil companies – have also abandoned the method.

The risk that some foreign governments see, however, is that they might rush to reintroduce the system if the Supreme Court rules against Barclays.

"We are worried about opening the door," said Mrs Christiane Scrivener, the EC Commissioner for tax affairs, who was in Washington this week to lobby against the unitary taxation method.

This concern may not be misplaced. Mr Miller of the California Franchise Tax Board says he would still like to return to worldwide unitary assessments, although he would settle for mandatory "water's edge" reporting.

Some tax experts even worry that the Clinton administration's decision not to back Barclays might be seen as a nod in the direction of abandoning the traditional arm's length principle in favour of a formula approach.

Such a move still appears a distant prospect, but with the UK now embarked on retaliation, a tax war that could unravel the complex network of international tax treaties no longer seems impossible.

## Joe Rogaly

# Yes or no, it's still war

Whichever way it goes, the Danish referendum next Tuesday will leave Britain's Conservatives where they are now: at each others' throats.

This thought will not disturb the sleep of many Danish voters. Their task is to decide whether their own country should adhere to the Maastricht Treaty. They are blessedly free of concern for the internal politics of the governing party in another country. The presence of Lord Tebbit and other Tory Europhobes on the streets of Copenhagen is an indicator of the strength of feeling in Britain, not Denmark. The three or four avowedly anti-Maastricht candidates who stood in last week's Newbury by-election were obliterated, wiped off the map, consigned to the hall of comic fame with the Monster Raving Loony 30 Year party. No wonder their like have fled across the water to try their passion on a Nordic electorate.

They might as well have stayed at home. From what can be gathered at a distance, the Tory irreconcilables are only slightly more welcome in Denmark than would be, say, a gang of soccer hooligans straight out of Liverpool. We should, however, be charitable to the Tebbit bovver boys. They add hilarity to what might otherwise be suffocatingly dull proceedings.

In British political terms there are only two possible outcomes to Tuesday's vote. Let us take the least likely first. A second Danish "no" would stagger Europe, but it would not restore peace to the British Conservative party, at least not for long. The bill to ratify Maastricht would be withdrawn from the House of Commons on the ground that the Danes had exercised a decisive veto. Legally speaking, that would be correct.

The politics of such an upset would be more complicated. There might be a short flurry of excitement, and some talk of Mr John Major's narrow escape, but that would soon pass. Far from being off any hook, the prime minister would stand amid the ruins of his European dream. Sooner or later France and Germany would announce the construction of a European union without Denmark, probably running parallel to but outside the edifice built on the Treaty of Rome. This might be based on the core of the Schengen group – the Benelux countries, plus France and Germany. It could soon attract up to 11 members if Britain stayed in the game, or 10 if it did not. That stark choice – to be or not to be one of the potential 11 – would rekindle the Conservative civil war and keep it going for years.

> **A second Danish 'no' would stagger Europe, but it would not restore peace to Britain's Conservatives**

Now try the opposite route. Reports from Copenhagen suggest that it is likely that the Danes will vote "yes" on Tuesday. In the short run that could have an even more incendiary effect on the Conservatives. The third reading of the British bill would be eased through the Commons on Thursday, courtesy of Labour. The party of Mr John Smith, that unwavering defender of the European Community, plans to demonstrate its clear-headed and courageous adherence to European unity by abstaining. The effect will be to maximise and expose the rebellion among Conservatives. The subsequent passage of the bill through the upper house will doubtless be marked by fiery speeches from Lord Tebbit and Lady Thatcher. Once signed by the Queen it will be challenged in the high court on technical grounds.

That should keep the Conservatives quarrelling among themselves through the summer, but the unlovely prospect does not end there. The second stage of the process leading to European monetary union formally starts on January 1 1994. The move to a single currency comes later. The work due in 1994-95 is merely preparatory to the real thing. It should be harmless, but if the present mood persists, the slightest hint of Britain's return to the exchange rate mechanism, or adherence to a European central bank, or anything else of the sort would deepen and widen the split in the Conservative party.

It is important to be clear about the nature of the schism. Among back-benchers the hard-core Europhobes are as small in number as they are loud in voice. They are counterbalanced by a rather larger but relatively silent group of federalist Eurocentrics. These factions compete for middle-of the road Tory opinion. The government's post-Maastricht strategy is to win over all save the anti-European fanatics by stressing its role in tabling British proposals for the next intergovernmental conference on European union. That conference is due in 1996, shortly before or shortly after the next general election.

Most of us have been too distracted by the general disarray in the government to pay full attention to its argument. Yet even this week it has been backed by a flurry of supportive words. On Monday the Conservative Group for Europe published The Positive Europe by a Europhile MP, Mr Ian Taylor. Mr Taylor, who has long served as parliamentary private secretary to Mr William Waldegrave, is perhaps a trifle over-enthusiastic. "We are committed to the goal of economic and monetary union," he writes, "so let us come up with a way of getting there rather than implying that the Maastricht timetable will not work." A further pamphlet of the "John Major wuz right" sort emerged yesterday, this time from the Society of Conservative Lawyers. Its authors* stick closely to the government's line on the Maastricht Treaty. "If a pup has been sold to the Danish people," they argue, "it was sold to them by the 'No' camp in the first Danish referendum."

Mr Douglas Hurd has also been doing his best. The EC, the foreign secretary told the Scottish Conservative party yesterday, "is one of the foremost political achievements of the 20th century." Nevertheless it apparently needs British guidance to be further improved, for Mr Hurd produced the familiar list of government proposals: enlargement to a community of 16 in 1995 and 20 five years later; more inter-governmental agreements, with different groups of countries assembling themselves for each deal; an emphasis on subsidiarity; a more accountable commission. It was a stout defence of Mr Major's treaty, unmarred by any indication of when Britain might return to the exchange rate mechanism. It is the best that Downing Street can do, but it might not be good enough to unite the Conservative party.

*£3 from the Secretary, 21b Denbigh Gardens, Richmond, Surrey TW10 6EN

# LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

## Integrity a priority in business

*From Mr Frank Vogl.*

Sir, Louise Kehoe's article about Levi Strauss's decision to make a stand for human rights may prove to be the first in a series ("Levi Strauss rejects investment in China", May 4). The next challenge is to find a corporate leader willing to take a public stand against corruption in international business transactions.

This may happen quite soon given the rising tide of public outrage over corruption – from Italy to Japan to Brazil to increasing numbers of developing countries where the attainment of more open and honest government is now a priority.

There is already consideration within some governments and some aid agencies to request companies seeking to tender for big contracts to first agree to abide by a monitorable set of anti-corruption standards.

What is needed is for companies to seek roles for themselves within international co-operative efforts to raise levels of honesty and integrity in business.

Frank Vogl,
*vice chairman,*
*Transparency International,*
*1100 New Hampshire*
*Avenue NW,*
*Washington DC, US*

## Flawed procurement policy a threat to UK shipbuilding

*From Dr Peter Hilditch.*

Sir, Jonathan Aitken, the defence procurement minister, argues that the award of the contract for a helicopter carrier to VSEL rather than Swan Hunter was made on "our normal technical and value-for-money criteria" ("200 jobs threatened at Swan Hunter", May 12). Further analysis suggests that competition was far from fair. It also indicates that divorcing defence procurement decisions from broader industrial policy considerations is likely to be disastrous.

VSEL has, since the early 1970s, held a monopoly of nuclear submarine construction. It seems obvious that the company might use its monopoly profits, especially those obtained with the huge Trident contract, to buy back into the surface warship market. By contrast, Swan Hunter has had to compete for all its recent naval orders. Moreover, the dearth of such orders directly resulting from the excessive concentration on Trident must have undermined its ability to offer competitive prices.

The result of the competitive process will be an extension of VSEL's nuclear monopoly to large surface warships. The government should recognise that its current procurement policies are flawed and are leading to a loss of valuable capacity and skills which could be employed outside the defence market.

Most experts believe that the world merchant shipbuilding market will expand substantially from the mid-1990s. Swan Hunter should at the very least be given the same level of government support, at present denied, as the handful of remaining UK merchant shipbuilders already receive in order to compete in the world market. This policy and more determined support for other diversification measures and a more honest appraisal of so-called value for money defence policies might go some way both to preserving some competition and some capacity in UK shipbuilding.

Peter Hilditch,
*38 School Lane,*
*Fulbourn,*
*Cambridge CB1 5BH*

## Treasury plans for model of economy

*From A P Hudson.*

Sir, Peter Marsh ("Treasury Economic Model may be run by US Group", April 6 and subsequent articles) has repeated the story that discussions took place in January between the Treasury and the US consultancy DRI about the possibility of the Treasury contracting out the supervision of its computerised model of the UK economy.

This story is wholly misleading. The facts are as follows.

We announced last September that economic model building and development are among the Treasury activities to be market tested. This process is still at an early stage internally. No decision has yet been taken on whether model building will be contracted out. No negotiations have taken place with other organisations about contracting out model building.

Treasury officials frequently hold informal meetings with other forecasting groups, which happened to include DRI in January, a part of our continuing interest in techniques of forecasting. But these have not been concerned with contracting out model building.

I hope this clears up the confusion which has arisen over this issue.

A P Hudson,
*press secretary,*
*H M Treasury,*
*Parliament Street,*
*London SW1P 3AG*

## High price of buying in UK

*From W H Wilkes.*

Sir, The current controversy over compact disc pricing in the UK versus the US is not the only pricing issue for which we should feel some vexation.

Returning last week from Tampa, Florida, with a local paper shows me that tyres for my car quoted in the UK at a discount rate of £120 each are readily available at an advertised rate of $86.95, excluding tax, in both cases. On the face of it less than half UK cost. A domestic washing machine compares approximately at the same numerical price in sterling as in US dollars.

My customers in the US are satisfied with the FOB (freight on board) UK prices for electronic component hardware leaving this factory are the same to UK customers. Meanwhile we pay through the nose for essential items such as tyres and domestic appliances, not to mention cars, made in Europe if not UK.

Who's kidding who?

W H Wilkes,
*managing director,*
*Redpoint,*
*Swindon, Wiltshire*

## Audit fee figures not just simple averages

*From Mr J Dennis Henry.*

Sir, Andrew Jack, in his article on international accounting and auditing (Accountancy Column, May 6), quoted an average of audit fees as a proportion of sales as being 0.022 per cent in the UK, according to the Cifar report.

This average is only true for companies of a particular size; those with £20m-£50m in sales. The median figure for small plcs, with less than £5m in sales, is about 0.0056 per cent, while companies with more than £1bn in sales have a median of only 0.00046 per cent.

The industry sector also has a big effect. Distribution companies can, for example, have audit fees one third those of similar-sized engineering companies.

I give the above figures as many may have compared their own percentage with that given and found variations. As ever, the use of simple averages can be misleading.

J Dennis Henry,
*JDH Consultants,*
*11 Clydebrae Drive,*
*Bothwell,*
*Glasgow G7 8SB*

## Whose choice in Sunday trading argument?

*From Michael Schluter*

Sir, Allow me to take issue with your editorial on Sunday trading (May 7).

The Home Office study showed that total deregulation of Sunday trading would probably, and eventually, save the average consumer 50p a week. Not to be sneezed at. However, this would be achieved by accelerating the closure of tens of thousands of small shops. (Small business managers cannot cope constantly with a seven-day working week, nor afford to hire substitute management for one day a week).

Hence retail spending is concentrated in fewer outlets, prices fall and jobs go.

From the consumer's point of view, the advantages of Sunday trading are extra choice of shopping time as well as lower prices in the long term. The disadvantages are less choice of outlet and less proximity of outlet – the consumer may often have to travel further for the small purchase if small chops close.

For the disadvantaged consumer there is little benefit. Based on recent Office of Population, Censuses and Surveys data, if local shops closed down, those groups saying they would be "inconvenienced a lot" include almost 40 per cent of those over 75, 50 per cent of lone parent households and 37 per cent of those without cars.

One dimension of the Sunday trading debate is consumer choice. The issue is which consumer and which choice.

Michael Schluter,
*Keep Sunday Special Campaign,*
*Jubilee House,*
*3 Hooper Street,*
*Cambridge CB1 2NZ*



هكذا من الأصل

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Friday May 14 1993

# Realignment in Iberia

THE REALIGNMENTS by Spain and Portugal on the very day that the Banque de France made its sixth reduction in interest rates since election of a new government confirms the emergence, since last September, of a sharply delineated two-tier monetary European Community. The Maastricht treaty had to be obscure on this point. Markets have been less bashful. Yet being in the second tier need not prove a disaster. The good reason for bewailing this lowly status is fear that the opportunity will be wasted. Should it not be, however, those in the second tier will make life for those in the first tier more uncomfortable than it already is. A two-tier EC will be full of contention.

It would be wrong to blame these realignments on the forthcoming Danish referendum. A more plausible explanation is the after-shock of the first one. But even that earthquake revealed Europe's structural flaws more than it caused them. By undermining the credibility of the move to economic and monetary union, the Danes forced people to look at the economic fundamentals.

What they then found has been graphically described by the staff of the International Monetary Fund: "Actual achievements in convergence among ERM countries – although significant – were *neither* durable nor deep enough to justify assuming complete fixity of exchange rates. Losses of competitiveness, large fiscal deficits not yet under control, weaknesses in financial sectors, sharp cyclical differences, and divergent mixes of monetary and fiscal policy across counties (in the wake of German unification) were each vulnerable elements."

## Political costs

"Vulnerable elements" imply vulnerable countries, with Spain in that category. A country which needed relatively high interest rates precisely because its inflation had not converged on the best European levels had *for long* one of the strongest currencies in the system. The peseta's strength was an illusion that depended on the assumption that realignments were in the past. Once events had destroyed that assumption, markets swiftly challenged the strength of the peseta, which was devalued by a cumulative total of 11 per cent in September and November of last year. Now it has been realigned by another 8 per cent, making for a total devaluation of some 17 per cent.

Politically, this latest depreciation seems certain to damage the re-election campaign of Mr Felipe Gonzalez, who has carried fidelity to the ERM and the Maastricht treaty before him, like a standard. The government has been caught out in what electors may judge a lie. The damage would be still greater if this realignment were *not to prove sufficient to forestall* early pressure for yet another. The plight of Portugal's government is less serious, because its government can blame this second devaluation of the escudo on its bigger neighbour, just as Ireland blamed the UK.

## Conflicts sharpened

Economically, with inflation down to an *annual rate of 4.6 per* cent, the Spanish economy in deepening recession and tomorrow's report on unemployment expected to show a further increase above the – admittedly overstated – rate of 16.6 per cent for March, short-term interest rates have to fall very soon. Overnight interest rates at 16½ per cent and three-month interbank rates only a *little* lower are unsustainable. If interest rates were to fall, however, and Spanish firms managed to take advantage of the devaluation, without conceding higher wages, the chances of a non-inflationary recovery would be good.

While potentially beneficial for Spain, that development would sharpen conflicts in Europe. Once again, a recession-bound France is faced with a significant loss of competitiveness against an important European trading partner. The conclusion of the European Community's analysis of the ERM has been that it needs to be managed better. That is unquestionably true. Operation of the system must not lead to repeated damage to the reputation of governments, along with the enrichment of speculators at the expense of taxpayers. But more fundamental changes will be needed if attempts to secure monetary stability in Europe are to recover their credibility.

# Mr Clinton and China

IN WASHINGTON this month, the annual dance between president and Congress is under way. What conditions will Mr Clinton attach to China's most-favoured nation trading status? Will they be enough for Congress? This domestic, repetitive argument hardly seems a sound basis for formulating the policy of the largest economic power towards a country that may aspire to that position, some think by the end of the decade.

China has changed. It is still governed by a repressive, totalitarian regime which showed in 1989 that it was determined to retain power at all costs. But its growth is quickly making it an economic and a regional power. Western and Asian countries, which are pouring investment into it, already have a big economic stake. Only yesterday, Singapore agreed to develop a $20bn town in China modelled upon itself. Western companies know that if they do not invest and trade with China, they risk locking themselves out of the world's most profitable and dynamic region and so endangering growth and jobs in the west.

Policy towards China needs to take these economic factors into *account. The need is for greater* subtlety rather than an annual, self-satisfying decision on how much to bash China over human rights.

Since a Russian-style end to Communist party rule seems unlikely, greater freedom is likely to come slowly, whatever the west does. That the transition takes place in reasonable stability is in everybody's interest, given the dangers implicit in political turmoil in a country of 1.2bn people. Economic reforms, under way for 14 years, offer the best hope of a more pluralistic society.

## Nannyish conditions

The freedom to make economic choices should lead in time to greater freedom of expression and a general desire for *greater* political choice. The thousands of contacts between foreign and Chinese business people are the most important means of opening China to a wider range of ideas. For the US to seek to stifle such relationships by attaching nannyish conditions to MFN would be clumsy and counter-productive. It would hit precisely those who are likely to change China for the better, and would probably be ineffective in putting pressure on its leaders.

Mr Clinton has an opportunity to forge a new policy. He has so far been cautious, pointing out the large US contribution to the revitalisation of the Chinese economy, and asserting the right of the US to expect progress on human rights and democracy. His officials say he will impose as yet unspecified conditions on China's MFN status in June. They say that with China no longer the balancing factor between two superpowers, the US can afford to be less reticent on issues such as human rights.

## Bouts of hectoring

In setting out his line, Mr Clinton *should ensure that he is* indeed seen to have a China policy. A clearly enunciated, firm approach, sensitive to congressional and business concerns, should render unnecessary the annual MFN squabble. This should include a clear statement of the US interest in a growing, stable China. Mr Clinton, mindful of the China's $18bn trade surplus with the US last year, should make clear that trade must be on a level playing field. The US presidency has unique leverage with Beijing, and should engage in firm but private dialogue on human rights, arms sales and China's participation in world affairs as a permanent member of the UN Security Council. This is the way to ensure that the US builds on its central role in east Asian affairs, with a strong part in maintaining *regional security.*

Since the immediate discussion seems bound to end with the attachment of new conditions to MFN, it is to be hoped that they will be phrased in general terms. This does not preclude the separate application of pressure on specific human rights issues such as prison labour, political detainees and the rights of Tibetans. Experience shows that pressure on particular issues produces small but significant dividends. But the most important point is that in pursuing this crucial strategic relationship, the US needs to strike a strategic tempo, rather than indulging in annual bouts of hectoring.

Gone; going, gone, gone: Jürgen Möllemann, ex-economics minister; Max Streibl, Bavaria's premier; Günther Krause, ex-transport minister; Björn Engholm, ex-Social Democrats' leader

# Prey to scandals they deserve

### A spate of resignations and inquiries is rocking Germany's political establishment, writes **Quentin Peel**

There seems to be no stopping the blood-letting in the German body politic. Another minister resigned yesterday, not a very important one, but still another scalp for the scandal-mongers. Ms Heidi Pfarr, the Social Democrat minister for women's affairs in the state government of Hesse, quit because she had claimed DM60,000 (£24,400) from the state coffers to pay for removal costs and redecoration of her home when she took up her post.

Along with most of the other scandals plaguing the political *establishment, it scarcely* ranks as a serious crime. It is not even clear it was against the rules. But in the current supercharged atmosphere, it was enough of an embarrassment to force her resignation.

Every leading political party has now been hit by similar scandals with resounding consequences. This week, Mr Max Streibl, the Bavarian premier from the conservative Christian Social Union, has agreed *to step down before the end of the* summer. He was accused of taking free holidays to Kenya and Brazil from a businessman friend.

Last week Mr Günther Krause, the transport minister, was obliged to resign by Chancellor Helmut Kohl, his party leader in the Christian Democratic Union. His misdeeds included claiming social security subsidies for employing a maid at his east German home.

Two days before, Mr Björn Engholm, the respected leader of the opposition Social Democrats, stepped down after admitting that he misled a parliamentary inquiry in 1987. Ironically, the inquiry was into a dirty tricks campaign against him, but he lied about the moment when he first heard of it. The implication was that he was no longer the innocent victim, but rather a cynical politician who manipulated the media. It destroyed his reputation as a scrupulous Mr Clean.

First to go this year, almost as the new year was ushered in, was Mr Jürgen Möllemann, the economics minister and candidate for leadership of the Free Democrats in the ruling coalition. He quit after denying, and then admitting, that he wrote a letter to the country's leading supermarket chains, promoting a plastic security device for supermarket trolleys manufactured by a cousin of his wife's.

There are currently more than 20 parliamentary inquiries under way into political scandals. The mayor of Bremen is accused of getting his electricity at half price from the *city power station. The premier of* Hesse is charged with obtaining designer furniture for his official residence. The premier of the Saarland (the irrepressible Mr Oskar Lafontaine) is accused of consorting with members of the underworld.

The rash of petty speculation seems scarcely explicable in a country with such a normally ponderous press. Nor does the apparent loss of nerve by the politicians, traditionally a thick-skinned bunch. As for the public, it responds by demonstrating an ever-declining respect for the political establishment.

Just a year before Germany faces no fewer than 19 separate polls at local authority, state, federal and European level – not to mention the election of a new federal president – it is a disturbing state of affairs. There is a growing tendency of voters to stay at home – 39 per cent said they would not vote, in a recent opinion poll. Others are drifting to the fringes, represented by the Greens and the far-right-wing Republicans.

And yet it is precisely that coincidence of elections which has been a contributory *factor* in the sudden spate of resignations. The parties are cleaning out their stables in a desperate effort to prepare themselves for the fray.

That is not all. It is the very awareness of a growing contempt for the political establishment, known as *Politikverdrossenheit*, that has inspired the politicians to try to clean up their act.

A further factor is the upsurge in *media competition, particularly* in the heavyweight field of political weekly magazines trying to muscle in on the market traditionally dominated by Der Spiegel. That is compounded by a rash of new television stations. All are seeking to outdo one another in political scoops.

Finally, there is a fundamental problem which all the political parties face, of coming to terms with the transformed world both within Germany, and outside it. They have yet to adapt to the new post-unification Germany, facing fundamental structural problems as well as recession. They lack any coherent security policy to deal with the post-cold war external environment. The result is a sense of drift in the government and the opposition.

When Mr Engholm addressed the press conference in Bonn at which he announced his resignation, he was asked if his move would not aggravate the current malaise. He said he hoped it would have the opposite effect. "I hope most people will draw the conclusion that people in politics are ready to take responsibility for their actions."

Few outside observers believe *him.* He was one of the few respected men in the political leadership, and his departure certainly leaves his party in embarrassing disarray. The latest opinion polls, to be published today, will show Mr Kohl's CDU taking a narrow lead – in spite of the recession, strikes in *east Germany, and the chancellor's* low public standing.

According to a close confidant of the former SPD leader, Mr Engholm quit for three reasons. First, he underestimated the determination of the press to expose his own political scandal, and also misjudged the importance of his own mistake. Second, he was made brutally aware of the lack of solidarity among his immediate colleagues in the SPD leadership.

The third, and perhaps the most fundamental reason, was that he was daunted by the difficulty of making his fellow Social Democrats face up to the policy changes necessary to make them "electable" in a unified Germany. He faced a tremendous battle to push through a compromise policy on controlling the flow of asylum seekers – the single most explosive issue in western Germany. He failed to win a second struggle to persuade the party to adopt a new policy allowing German troops to participate in international peace-keeping operations. He was depressed and exhausted by the effort.

Mr Engholm felt betrayed by his party colleagues. As in the other resignations there was a strong sus*picion that fellow party members* had fuelled, and perhaps initiated, the scandals.

Mr Möllemann was an embarrassment as a candidate for FDP party leader. He was a lightweight, and the party establishment had decided they wanted Mr Klaus Kinkel, the foreign minister, instead. So Mr Möllemann had to go.

Mr Streibl is in a similar position. With him as Bavarian premier, the CSU would be in serious danger of losing its absolute majority in next year's state elections. For a brief moment, Mr Theo Waigel, the easy-going federal finance minister in Bonn, thought he would replace him. It now looks far more likely that Mr Edmund Stoiber, the hard-line Bavarian interior minister, will step in instead.

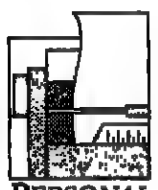
"The Bavarians have had enough of nice guys, like Streibl and Waigel," according to one close observer. "They are looking for a tough guy more in the image of Franz-Josef Strauss to stand up to both Bonn and the Republicans."

Messrs Möllemann, Streibl and Krause were all an embarrassment to their parties. Getting rid of them may well help them in the polls. Mr Engholm was not a liability. He was a positive bonus for the SPD. Now the opposition faces a prolonged period of bickering over the leadership which is likely to leave it electorally lame.

Whether the whole political establishment can recover quickly from the current period of contempt is also questionable. "If people had the impression that the political establishment was dealing with the important problems in a competent manner, they would not pay attention to petty scandals," according to Mr Matthias Jung, of the Wahlen opinion research institute.

Or as one leading political correspondent put it: "The quality of these scandals reflects the quality of German politics. The politicians get the scandals they deserve."

# Recovery crafted with co-operation



*PERSONAL VIEW*

The longest recession in the UK in more than half a century is officially over, according to government figures. But there is much more to be done if the UK is to restore its manufacturing base, reduce unemployment and sustain recovery.

The key to continued growth is a partnership of government, banks and businesses. No single group or organisation can achieve alone even a small part of what can be achieved by these parties together.

For too long we have been caught up in a sterile slanging match about who is to blame for the problems of smaller companies. With corporate gearing high by UK standards and profitability likely to remain weak, pressure on company finances will continue. Smaller companies, denied access to the capital markets, will be especially vulnerable.

There are three key areas where the partnership of government, banks and businesses can help: debt, equity and cash-flow.

● Debt: In general, businesses should be looking to move away from over-dependence on short-term financing in order to lessen their vulnerability to rising and high interest rates.

The improvements to the loan guarantee scheme announced in the Budget were welcome. Increases in the loan limit and guaranteed amount and the cut in premiums should help support economic recovery and create new jobs. But these are only the first step.

Introduction of a government loan support scheme, for example, would enable banks to reduce the rate charged on medium and long-term loans to 1 per cent over base. Essentially, this would act as a subsidy to industry and could be restricted to manufacturing with its need for longer-term capital investment. A similar scheme already operates in Germany. *Even if a* quarter of bank loans to manufacturing companies were subsidised, it would cost the Treasury only about £67m a year. Banks in turn must be prepared to lengthen the maturity of debt.

● Equity: While recognising the government's difficult fiscal position, I think there are a number of ways it could encourage the retention and enlargement of companies' equity bases.

It was gratifying to see the importance of the entrepreneur's investment role recognised in the Budget, with the introduction of capital gains tax relief to those who sell one business and invest the proceeds in another. A manufacturing support scheme, to replace the business expansion scheme, which is *phased out at the end of the year,* would further encourage longer-term equity investment by individuals. Tax incentives could also be used to encourage businesses to retain surplus profits. At the moment, every incentive is the other way.

**The key to continued growth is a partnership of government, banks and businesses**

Banks can also support equity investment. Through equity options, for instance, we can help the profitable, well-managed but slower growing company which does not need additional permanent equity but lacks loan collateral.

Similarly, where well-managed companies, with good prospects, are overburdened with debt, we should consider using debt/equity swaps at an earlier stage, rather than as a last resort.

Midland has been at the forefront of developing equity investment facilities. Midland Growth Capital, which provides equity of between £50,000 and £750,000 for established customers, is one of the few national institutions to offer long-term equity finance of less than £250,000. Equity is an essential component of a sound balance sheet and businesses must accept this, *even if it means allowing in outside* investors.

● Cash-flow is also fundamental to business survival. Improved debt control, through increased use of factoring and invoice discounting, is something for both the banks and companies to consider.

A statutory right to interest on overdue debts – common in some European countries – would significantly improve the cash-flow of many companies. But financial means alone will not ensure a company's future. Effective management calls for the production of accurate, prompt financial information. Adequate training is also vital.

Recovery may at last be under way, but its pace looks set to be slow and fragile. Government must, therefore, join with banks and businesses to ensure we do not repeat the experience of the last decade, when the number of failures following the 1979-81 recession did not peak until 1985.

Implementing any one of the proposals outlined here could help avoid a similar trend. Implementing them all, as part of a concerted tripartite effort, would have a real impact.

**Brian Pearse**

*The author is chief executive of Midland Bank*

# *OBSERVER*

## Tycoon pulls the strings

■ Who says that business tycoons can't also excel in the arts? Certainly not the enthusiastic audience which crowded into New York's Lincoln Center to hear Sony's president and chief executive Norio Ohga conduct the Metropolitan Opera Orchestra.

Besides being a sell-out at prices of $50-$100, his concert attracted such show-business stars as Barbra Streisand, Dolly Parton, Billy Joel and Tony Bennett. Moreover, not content simply with Ohga's interpretations of the Die Fledermaus overture and two symphonies – Schubert's Unfinished and Beethoven's Seventh – the listeners loudly demanded an encore.

He gave them Sousa's The Stars and Stripes Forever, explaining in Japanese later: "I wanted to show the United States should be strong."

On the other hand, the concert did have several unusual features. For one thing, Ohga had paid out $100,000-plus to rent the 70-strong orchestra, of whom about 40 were freelance players as distinct from regular members.

For a second, the fact that the audience applauded between the movements of the symphonies suggested that most of them were not regular concert-goers. For a third, Streisand, Parton, Joel and Bennett have all recorded for labels owned by Sony.

Then again, too, there was the strictly anonymous comment made afterwards by one of the orchestra: "He made believe he conducted, and we made believe we watched."

## Black mark

■ Observer now has a red face *as a result of making a mistake* when handing its "Clean Breast" award for frankness yesterday to David Lloyd-Jacob of Butte Mining. The company's London quote was *not* suspended last August – as, indeed, the share price has meanwhile underlined by rising a fifth to 1½p.

## Old scores

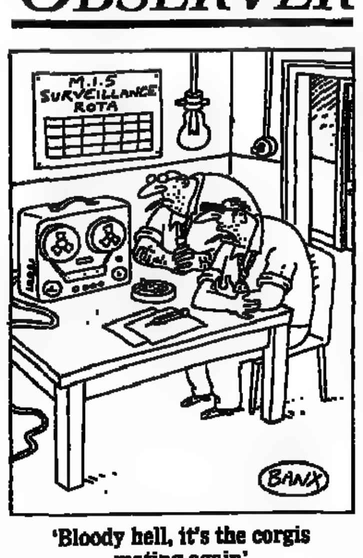
■ Let's play spot the next government U-turn. Now that home secretary Kenneth Clarke has decided to scrap the unit fine system, introduced by John Patten when he was minister of state at the Home Office, education secretary Patten's next move is obvious.

He should scrap the school tests that Clarke introduced when he was *doing the* education job.

## Jacques' jottings

■ Who struck François Mitterrand as having "the eyes of Stalin and the voice of Marilyn Monroe"?

As an additional clue, the same person was eulogised by UK




'Bloody hell, it's the corgis mating again'

employment minister Michael Forsyth at yesterday's Scottish Tory conference as inspiring him by "her determination to spread ownership, choice and opportunity to all".

The answer, of course, is Lady Thatcher.

Mitterrand's comment is recorded in the diary just published in *France by his erstwhile constant* attendant, Jacques Attali of the European Bank for Reconstruction and Development.

Called Verbatim and covering the six years between Mitterrand's election in 1981 and the Socialist party's 1986 general election defeat, it is the 17th book that the 49-year-old Attali has found time to produce in his energetic career. What's more, it will be followed by a second volume when the French president leaves office in 1995.

The 960 pages of text already published contain many other quotable quotes from international leaders, some worthy of being inscribed in marble.

Here's another on the Iron Lady delivered by then Italian premier Giulio Andreotti after she'd been telling fellow EC leaders that she knew all about small businesses because she herself had once worked in a three-person firm.

"What happened to the other two?", Andreotti whispered. "No doubt they died of work-related illnesses."

## Strange drift

■ It's a funny old world when British Coal closes one loss-making pit and finds that it has to start importing coal from an overseas loss-making pit. But this is what seems in danger of happening as a result of last week's closure of Easington colliery in County Durham.

It sounds like British Coal will be *forced to turn to overseas* competitors so that it can honour one of its most hallowed traditions – provision of "concessionary" coal to miners, pensioners and their widows. Although primarily a power station supplier, Easington also produced about 90,000 tonnes a year of house coal, much of which was earmarked for the 16,000 users of its "concessionary" coal.

Fortunately for British Coal, Easington was declared a smokeless zone last month. But British Coal admits that it is making alternative arrangements for the minority who are still permitted to burn the black stuff.

Observer hears that the miners of Poland are being asked to to fill the unexpected order.

## Paws for thought

■ The White House works in mysterious ways. Hence, when tiny Bryn Parry Studios in Downton, Wiltshire, received an urgent overseas order earlier this week, they sensed the handiwork of Socks, America's First Cat.

Socks's owner had been let down by *a US supplier and the English* studio was asked to stage a last minute rescue by supplying 22 picture frames for a presidential presentation. Although the SOS arrived after the close of business on Monday, the frames were winging their way to Washington by Tuesday afternoon.

The only mystery is why the White House insisted on having *plain designs instead of the frames* surrounded by cartoons of cats, for which the firm is noted.

## Flower power

■ Why has Prince Charles given up speaking to plants?

Because of the bugs in them.

FINANCIAL TIMES
Friday May 14 1993



Environment minister in two-week-old government under investigation

# Andreotti votes to waive immunity

By Robert Graham in Rome

MR Giulio Andreotti, seven times prime minister of Italy, yesterday voted with the majority of the Senate to waive his parliamentary immunity to be questioned by Palermo magistrates for allegedly consorting with the Sicilian Mafia.

The Senate also adopted a new parliamentary procedure, using for the first time an open rather than a secret vote in a case of waiving immunity.

At the same time the Chamber of Deputies voted overwhelmingly to abolish parliamentary immunity in cases of corruption and serious crimes.

Palermo magistrates are anxious to establish whether Mr Andreotti acted as a point of reference for the Mafia in Rome, helping to provide them with political cover. The allegations have been made by at least three key former Mafia members who are co-operating with Italian justice under witness protection programmes – the so-called *pentiti*.

Last month a Senate commission agreed that Mr Andreotti, a life senator, should have his immunity waived. Two weeks ago he himself signalled he wished it so he could clear his name more rapidly.

This decision followed the uproar over the Chamber of Deputies voting to protect Mr Bettino Craxi, ex-Socialist leader, from facing four of six corruption charges.

When Mr Andreotti was first notified he was under investigation last month, he claimed Palermo magistrates were conspiring to discredit him and said he could never get a fair hearing.

Before the vote yesterday he conducted a vigorous self-defence for the fourth time since the issue was first brought before the Senate a month ago. He dismissed as "extravagant insinuations" the *pentiti* testimony.

But, Mr Andreotti did not, as on previous occasions, attempt detailed rebuttals of their evidence. He merely placed before the Senate his record as a man of state.

Meanwhile Rome magistrates said they had advised Mr Valdo Spini, the Socialist environment minister, that he was under investigation for alleged abuse of public office over Italy's aid programme to Albania.

Mr Spini is the first member of prime minister Carlo Azeglio Ciampi's two-week-old government to fall under suspicion in the bribery scandal and came only a day after the government had obtained its full vote of confidence from parliament. The development is unlikely to affect the stability of the government.

# Japanese request for whale quota rejected

By Robert Thomson in Tokyo

A JAPANESE request to hunt an annual quota of 50 whales in its coastal waters was rejected yesterday by member nations of the International Whaling Commission. The countries are still deeply divided over a controversial proposal for a sanctuary for whales in the southern oceans.

Japanese officials again threatened that the country would leave the IWC if it continued to rule against a limited resumption of commercial whaling. The commission has, in effect, split into two camps and is unable to agree even when it will discuss sensitive issues.

A majority of the 34 nations represented at the IWC's annual meeting in Kyoto supported a resolution condemning the "research" whaling programmes of Norway and Japan, under which 330 minke whales were caught last year in the Antarctic. The vote annoyed the Japanese, who argue that the research is necessary to ensure the health of the whale population.

Japanese officials were also unhappy that a majority of nations voted against the quota of 50 whales under a scheme known as community-based whaling. Tokyo had hoped to win approval for the concept of community whaling, which, it says, would involve the local consumption of whale products and not commercial sales.

In spite of the setbacks and the threats to leave the IWC, UK and US officials expect that Japan will remain in the commission, as it would be a loss of prestige for the country to withdraw when hosting the annual meeting.

The commission's meeting is due to end today, and its reputation will suffer if member countries are unable to agree on the sanctuary proposal or on a management scheme for whale stocks, supposed to be concluded at the gathering.

Five nations, including Brazil and Sweden, proposed that the sanctuary vote be deferred for a year, but supporters of the sanctuary are still pushing for a vote even though they are almost certain not to get the three-quarters majority required.

Ministerial moves: German chancellor Helmut Kohl (right) and foreign minister Klaus Kinkel stand in front of Paul Krüger who was sworn in as transport minister after the resignation of Günther Krause

# Danes hit at foreign meddlers

Continued from Page 1

Anglo-French financier. Mr Ellemann-Jensen said these had wrongly accused him of stopping Mr Willy De Clercq, the former Belgian minister, from coming to Denmark for a referendum debate.

In an interview with the FT, he took a more relaxed view of British visitors, saying Danes were likely to react to Lord Tebbit by voting against him.

"The more the better," he declared. "I'm just sorry Lady Thatcher doesn't show up. I would have paid her to come. That would really have boosted the Yes campaign."

Britons have not been alone in irritating the Danes. Earlier this month, Mr Martin Bangemann, the European Community industry commissioner, enraged treaty supporters by saying Maastricht could become the vehicle for a European federation, a central concern among Danish voters.

Mr Helveg Petersen denied that Copenhagen had ordered EC commissioners to desist from such public statements before Tuesday's vote, which the government hopes will overturn the rejection of Maastricht in last June's referendum.

But, speaking a day after Lord Tebbit, the former Conservative cabinet minister, and Mr Giles Radice, the Labour MP, traded insults in Copenhagen, the foreign minister criticised The Sunday Times newspaper for what he said were deliberate attempts to encourage a No vote. "To use the British expression, it is not cricket," he said.

# Daimler-Benz profits sharply down

Continued from Page 1

favourable" first quarter of last year. "Business conditions deteriorated markedly only in the second half of last year."

At AEG, the electrical engineering unit which made operating losses of DM300m last year, sales dropped 7 per cent to DM2.2bn in the three months.

At Deutsche Aerospace, sales were down 10 per cent to DM2.85bn. Daimler-Benz InterServices, the services subsidiary, posted sales of DM2.1bn against DM1.74bn. Mercedes sales suffered especially badly from conditions in the domestic market and in other European countries and Japan.

Sales were "gratifyingly higher" in other south-east Asian markets and in eastern Europe.

# Post-Maastricht UK agenda outlined

By Philip Stephens, Political Editor, in Edinburgh

MR DOUGLAS HURD, the UK foreign secretary, yesterday claimed victory over the Tory opponents of closer European integration as he sketched out Britain's post-Maastricht agenda for the future of the European Community.

With the government confident of victory in the crucial third reading vote in the House of Commons on the Maastricht bill next Thursday – assuming the Danes vote Yes in Tuesday's referendum – Mr Hurd said the Tory party should look back on the wrangling as a "bad dream". He added that the opponents of Maastricht were "genuinely haunted". But, "in the light of day, things look different".

Underlining the determination of the Foreign Office to ensure that Britain plays a leading role in shaping the next intergovernmental conference in 1996, Mr Hurd dismissed the idea that transformation in Europe wrought by the ending of the cold war would reduce the role of the Community.

Instead, "in the new Europe the role of the Community as a political anchor and an economic motor has become more, not less, important." In a phrase calculated to emphasise his personal commitment to European co-operation, the foreign secretary added: "In terms of the history of Europe, the Community is still in its infancy."

Mr Hurd said that the enlargement of the Community, first to 16 nations and eventually to 20 or more, meant that it could not work on the same basis as one of 12. But that should not weaken the existing core policies. Direct co-operation between national governments – as in the existing framework for foreign and crime policies – would allow new areas of joint action.

But there would also be scope for groups of states to choose to work together on different subjects. "With the Community bound together by shared interests and a panoply of common policies, there must be room for flexibility provided the core remains intact. That did not mean a two-speed Europe.

Mr Hurd suggested that the focus for institutional changes in 1996 should be on the effectiveness and accountability of the Commission, on relations between the European parliament and national parliaments, and on the reinforcement of subsidiarity to ensure the Community moved in a decentralising direction.

In a sideswipe at the Tory Eurosceptics, he concluded: "It is time to concentrate on arguing as one party for the future, not wrangling as a divided party about the past."

**Robert Mauthner, Diplomatic Editor, writes:** The government was yesterday criticised by a committee of MPs for its lack of a long-term policy on the Community.

In its second report on "Europe after Maastricht," the House of Commons foreign affairs committee said: "The United Kingdom needs to decide what sort of European Community it wants and to push for it. Planning for this should begin immediately after the Maastricht treaty is ratified, to avoid being put in a position of simply reacting to ideas from other member states."

Tory tumult, Page 8

## World Weather

| | | °C | °F |
|---|---|---|---|
| Ajaccio | F | 20 | 68 |
| Algiers | F | 22 | 72 |
| Amsterdam | R | 12 | 54 |
| Athens | C | 18 | 64 |
| Bahrain | F | 26 | 79 |
| Bangkok | C | 34 | 93 |
| Barcelona | F | 18 | 66 |
| Beijing | F | 23 | 73 |
| Beirut | F | 20 | 68 |
| Belfast | C | 10 | 50 |
| Belgrade | F | 25 | 77 |
| Berlin | S | 26 | 79 |
| Bermuda | S | 22 | 72 |
| Bombay | S | 32 | 90 |
| Bordeaux | S | [illegible] | 70 |

| | | °C | °F |
|---|---|---|---|
| Boulogne | C | 10 | 50 |
| Brussels | C | 13 | 55 |
| Budapest | F | 26 | 79 |
| Buenos Aires | C | 18 | 64 |
| Cairo | S | 28 | 82 |
| Cape Town | R | [illegible] | 61 |
| Caracas | F | 31 | 88 |
| Casablanca † | F | 20 | 68 |
| Chicago † | S | 6 | [illegible] |
| Cologne | F | 19 | 66 |
| Copenhagen | F | 22 | 72 |
| Corfu | [illegible] | 15 | 59 |
| Dallas † | S | [illegible] | 61 |
| Dublin | R | 9 | 48 |
| Dubrovnik | S | 20 | 68 |
| Edinburgh | R | 5 | 41 |
| Faro | C | 18 | 64 |
| Florence | C | 23 | 73 |

| | | °C | °F |
|---|---|---|---|
| Frankfurt | C | 16 | 61 |
| Geneva | R | 14 | 57 |
| Gibraltar | F | 20 | 68 |
| Glasgow | R | 5 | 41 |
| Helsinki | S | 18 | 65 |
| Hong Kong | F | 30 | 86 |
| Innsbruck | F | 21 | 70 |
| Inverness | C | 6 | 43 |
| Islamabad | C | 34 | 93 |
| Istanbul | F | 16 | 61 |
| Jakarta | R | 32 | 90 |
| Johannesburg | S | 23 | 73 |
| Lisbon | F | 17 | 63 |
| London | C | 11 | 52 |
| Los Angeles † | S | 13 | 55 |
| Luxembourg | R | 13 | 65 |
| Madeira | C | 18 | 64 |
| Madrid | F | 17 | 63 |

| | | °C | °F |
|---|---|---|---|
| Majorca | [illegible] | 18 | 64 |
| Malaga | F | [illegible] | 68 |
| Malta | S | 19 | 66 |
| Manila | F | 36 | 97 |
| Melbourne | C | 16 | 61 |
| Mexico City | C | 22 | 72 |
| Miami † | S | 24 | 75 |
| Milan | F | 19 | 66 |
| Montreal † | C | 8 | 46 |
| Moscow | F | 21 | 70 |
| Munich | F | 19 | 66 |
| Nairobi | [illegible] | 25 | 77 |
| Naples | F | 20 | 68 |
| Nassau | C | 25 | 77 |
| New Delhi | S | 38 | 100 |
| New York † | C | 18 | 64 |
| Nice | F | 19 | 66 |
| Nicosia | F | 21 | 70 |

| | | °C | °F |
|---|---|---|---|
| Oporto | F | 16 | 61 |
| Oslo | [illegible] | 16 | 61 |
| Paris | C | 12 | 54 |
| Prague | S | 24 | 75 |
| Reykjavik | S | [illegible] | [illegible] |
| Rhodes | F | 19 | 66 |
| Rio de Janeiro | C | 33 | 91 |
| Rome | F | 21 | 70 |
| Salzburg | F | 22 | 72 |
| S'Francisco † | S | 11 | 52 |
| Seoul | R | 13 | 55 |
| Singapore | F | 31 | 88 |
| Stockholm | R | 14 | 57 |
| Strasbourg | C | 16 | 61 |
| Sydney | R | 17 | 63 |
| Taipei | F | 32 | 90 |
| Tangier | F | 19 | 66 |
| Tel Aviv | C | 22 | 72 |

| | | °C | °F |
|---|---|---|---|
| Tenerife | F | 22 | 72 |
| Tokyo | S | 29 | 84 |
| Toronto † | S | 7 | 45 |
| Tunis | F | 24 | 75 |
| Valencia | R | 16 | 61 |
| Venice | F | 20 | 68 |
| Vienna | S | 24 | 75 |
| Warsaw | S | 25 | 77 |
| Washington † | C | 18 | 64 |
| Zurich | F | 18 | 64 |

Temperatures at midday yesterday
† Noon GMT temperatures
C-Cloudy Dr-Drizzle
F-Fair Fg-Fog H-Hail
R-Rain S-Sunny
Sl-Sleet Sn-Snow
T-Thunder

THE LEX COLUMN

# Dial M for money

**FT-SE Index: 2849.3 (-11.5)**

Oh, to have had a bug on the wall when the Treasury mandarins heard about BT's pension deficit. Some £500m of the deterioration in the fund has come about directly as a result of the Budget advance corporation tax changes. A similar amount fell victim to over-optimistic assumptions about dividend growth in 1992 – perhaps an excusable error given the chancellor's persistent visions of economic green shoots. To compensate, BT is pumping £1.1bn of cash into the pension scheme just when the government is trying to unload around £5bn worth of the company's shares.

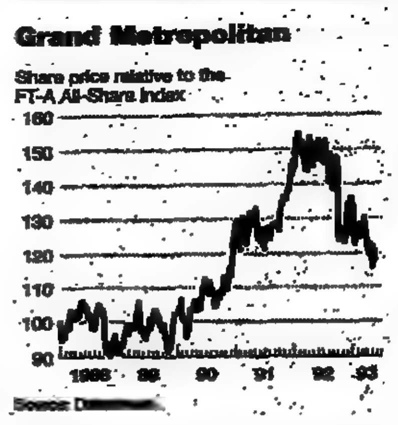
BT did not have to replace the whole deficit at once, but there were obvious reasons for doing so. Since the company can afford to cough up, it makes sense to get the cash working tax-free as soon as possible. The board is understandably keen to avoid the accusation that it has raided the pension fund to pay for its redundancy programme. Paying now also puts off the awkward day when BT clears its debts and starts piling up cash, thus provoking serious questions about what should happen to its money.

The heavy redundancy programme makes BT a special case, but the dramatic swing in the pension fund carries a wider message. If actuaries are sensibly assuming that companies will not increase dividends to compensate for ACT changes, and if 1992 was worse than generally anticipated, some company pension holidays are about to come to an abrupt halt. Most companies will have to make up the difference steadily – further limiting their ability to increase cash dividend payments. By contrast, BT's financial strength, phenomenal cash generation and 8.3 per cent dividend increase only underline that it can afford to do what most others can not.

## Currencies

The European authorities are evidently gambling that the Iberian devaluations will remain a parochial affair. Pressure on the Spanish currency has been brewing for some time. A devaluation of 8 per cent may allow short-term interest rates to fall to a level consistent with lower unemployment and an end to the alarming slide in industrial production.

If so, Spain's third devaluation since last autumn could be dismissed as another example of the weaker brethren falling by the wayside – an event of little implication for the lucky survivors in the inner circle. Spain would




have had a surer chance of cutting rates significantly if its devaluation had been 10 per cent, more so still if it had left the system altogether. All of which shows how difficult the task of European currency management remains.

The increasing threat to the ERM is that those who have devalued and cut their interest rates will enjoy a stronger recovery and a quicker reduction in unemployment. France, for example, must hope that Spain has not won too much edge. It not only faces a loss of export competitiveness after yesterday, its monetary policy is still dependent on the Bundesbank which is back to blowing cold on interest rate cuts. If the French recession deepens as a result, it may reject the pain. Denmark's voters have a chance to do so in next week's referendum. If they take it, the centre may not hold.

## Land Securities

Land Securities' latest fund raising exercise resembles an old granny withdrawing a little money from the bank to see if she can find a bargain in the sales. The company's characteristic caution ensured it did not borrow more than £140m in one lump. A rights issue may have seemed the most obvious route but equity finance would have been rather dear. By issuing a convertible bond, Land will be able to use money costing 7 per cent to buy properties yielding 9 per cent. Even if it cannot find suitable properties immediately, it will not hurt much to hold the money on deposit.

When the UK's biggest property company gears up to expand, it may well be a bullish sign for the market as a whole. But Land has raised such dribbles of money several times before. This latest move only pushes gearing up seven percentage points to 66 per cent. Land's prudence has been appreciated in recession and its rewards shone through again yesterday as it was strong enough to lift the dividend by 5 per cent. But without greater aggression as the recovery takes hold, its appeal will wane. Indeed, the process may already have begun. Land's shares have risen 55 per cent since sterling's devaluation. That, though, represents an underperformance of about 10 per cent against the sector.

## Grand Metropolitan

Marlboro's declining popularity has certainly smoked out some worries about brand valuation at GrandMet. Due to the appreciation of the dollar, brands in its balance sheet increased by £415m to £2.9bn in the first half, a level equivalent to 76 per cent of net assets. Such treatment is a long-established habit at GrandMet. It goes back to the awesome difficulty of accounting for goodwill in food and drink company acquisitions. Brand accounting is a way of putting such goodwill on the balance sheet without having to depreciate it. But the brand valuation then easily becomes a function of how much the acquirer has paid rather than its intrinsic worth.

GrandMet stresses the careful computation of margin, volume and cashflow which is factored into its brand valuations. Quite so, but the result still basically reflects the management's own view and it is striking that none of its brands has ever been down-graded. Indeed, to do so openly would risk trouble. Consumers would scarcely flock to buy a product whose value to its owners was diminishing. It is rather glib for the company to argue that the flagging Green Giant can still be valued at $392m and Pearle at $99m because it has resisted the temptation to revalue them upwards in the past.

One way of maintaining a brand's value is to invest in it. GrandMet has been doing plenty of that, for example with Häagen-Dazs ice cream in Europe. But the company generated virtually no cash in the first half and needs to reduce its £3.2bn debt. Capital spending is tailing off and the marketing spend is flat, albeit at a high level. That, coupled with more efficient use of working capital, may yield some cash. Whether the brands will still be worth as much is anybody's guess.


## INSIDE

### VW looks forward to reduced loss

Volkswagen, Europe's biggest carmaker, expects to incur a loss in the second quarter but said it would be much smaller than the DM1.2bn ($750m) deficit posted in the first three months. The company told shareholders it would return to profit in the second half and foresaw a positive end-year result. Page 18

### NatWest to shut French branches

National Westminster Bank is to withdraw from branch banking in France after years of losses. The decision cast further doubt on British banks' retail banking operations in continental Europe. Page 24

### Hinduja empire opens up

For more than 50 years, an aura of secrecy has surrounded the businesses of the Hinduja family, owners of an international trading empire that employs 16,000 people in India, Iran, the Gulf states, Switzerland, UK and US. But last month, the Hindujas said they wanted to talk more openly about their businesses because they planned to engage more in public commercial activities. Page 21

### Concern over rabbi's blessing

The Australian Securities Commission is investigating whether the pronouncements of a 91-year-old New York rabbi played a role in a share-buying spree that raised the market value of a small mining company from A$200m ($142m) to A$1bn in less than a month. Page 36

### Sears, Roebuck sells arm

A management-led investment consortium will buy Coldwell Banker Residential Group, the residential property arm of Sears, Roebuck, helping the US retailing group to focus on its core business. Page 20

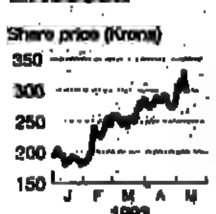
### Losses at Thomson widen

Losses widened at Thomson Corporation, the Canadian-owned travel and information group, largely because of weak demand and higher spending on new North American publishing products. The company said it had sold all but one of more than 70 lossmaking UK free sheets. Page 20

### Burton zips ahead to £25m

Half-way profits at Burton Group, the UK clothing retailer, were at the top end of expectations following extensive job cuts and other cost reductions. Page 24

### Swedish rally drives on



Source: Datastream

Falling interest rates and signs of corporate profit recovery have helped fuel a stock market rally in Sweden since which started last October. On Tuesday Ericsson, the telecommunications group, disclosed a SKr428m ($57m) profit for the first three months, sharply reversing a SKr363m loss in the same quarter of 1992. Its B shares closed at SKr300, compared with a 1993 low of SKr172. Back Page

### Market Statistics



### Companies in this issue



### Chief price changes yesterday

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **FRANKFURT (DM)** | | | | **Rises** | | | |
| **Rises** | | | | EBF | 665 | + | 14 |
| Heidelb Zem | 1160 | + | 37 | UFB LOCABAIL | 270 | + | 18 |
| Lahmeyer | 620 | + | 13 | **Falls** | | | |
| Leifheit | 535 | + | 15 | Bouygues | 624 | - | 15 |
| Metallgesell | 321.9 | + | 9.9 | Gal Lafayette | 1530 | - | 60 |
| Porsche | 480 | + | 10 | Gaumont (Soc N) | 550 | - | 25 |
| **Falls** | | | | Saint Louis | 1110 | - | 30 |
| Holzmann Ph | 970 | - | 26 | **TOKYO (Yen)** | | | |
| **NEW YORK ($)** | | | | **Rises** | | | |
| **Rises** | | | | Copyer | 858 | + | 58 |
| Apple | [illegible] | + | 1¼ | Fujirebio | 1330 | + | 150 |
| Echo Bay Mines | 11⅛ | + | 1⅛ | Konami | 3910 | + | 460 |
| Homestake Mine | 18¾ | + | ⅞ | Marantz Japan | 985 | + | 84 |
| Pegasus Gold | 23⅛ | + | 2⅛ | Shinkawa | 2860 | + | 280 |
| **Falls** | | | | **Falls** | | | |
| Dell Computer | 30⅛ | - | 1⅛ | Iseki | 1890 | - | 210 |
| Gen Motors | 40⅞ | - | ⅞ | | | | |
| **PARIS (FFr)** | | | | | | | |

New York prices at 12.30pm.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **LONDON (Pence)** | | | | OIS Intl | 72 | + | 6 |
| **Rises** | | | | Rolls-Royce | 149 | + | 10½ |
| Bank Ireland | 243 | + | 11 | Shaftesbury | 81 | + | 7 |
| Bluebird Toys | 219 | + | 25½ | Shell Trans | 612½ | + | 20½ |
| British Land | [illegible] | + | 14 | Slough Ests | 190 | + | 12 |
| Cluff Res | 28½ | + | 7 | Vaal Reefs | £41⅛ | + | 5⅛ |
| Cussins Prop | 88 | + | 10 | **Falls** | | | |
| Dewhirst | 71 | + | 5 | Jacques Vert | 78 | - | 5 |
| Euromoney Publ | 988 | + | 88 | London Intl | 186 | - | 10 |
| Greenwich Res | 18½ | + | 3¼ | Shoprite | 145 | - | 7 |
| Hanlys | 145 | + | 9 | Simon Eng | 52½ | - | [illegible] |
| [illegible] | 39½ | + | 4 | Wellcome | 742 | - | 24 |
| Hunterprint | 80 | + | 5 | | | | |
| Johnston Grp | 149 | + | 14 | | | | |
| Multitone | 133 | + | 7 | | | | |

# Berlusconi to float publishing subsidiary

By Haig Simonian in Milan

FININVEST, the Italian media and financial services group controlled by Mr Silvio Berlusconi, yesterday unveiled its long-awaited plan to list its Silvio Berlusconi Editore publishing subsidiary.

The flotation of SBE is linked to an offer to shareholders in Mondadori, Italy's biggest publishing group, to swap into SBE. The aim is to retain Mondadori's identity while having SBE as the eventual single quoted vehicle for Fininvest's publishing interests.

Analysts were surprised the transaction was not accompanied by a placing of SBE stock by Fininvest to raise funds. However, such a placing is expected soon, with Fininvest eventually divesting up to 49 per cent of SBE's capital, although the first tranche may be smaller.

Trading in shares in Mondadori, which was suspended yesterday, is expected to resume today or early next week.

Mondadori shareholders will be offered one SBE share for every one Mondadori share held. Alternatively, they will be able to exchange four Mondadori non-voting savings shares for three SBE shares. SBE has only one category of equity.

The deal values Mondadori ordinary shares at L15,000 each, against a closing price in Milan on Wednesday of L10,825, while savings shares are valued at L11,250 each against a Wednesday close of L6,905. Should all Mondadori's shareholders accept the deal, about 9.3 per cent of SBE will be floating.

The deal comes as part of a capital increase by SBE to L105bn ($68.8m) from L30bn, which will be subscribed by Fininvest in the form of Mondadori shares.

The transaction marks a big strategy change for Mr Berlusconi, who has not hidden his distaste for outside shareholders. Only Mondadori and Standa, the retailing group bought by Fininvest in the late 1980s, are quoted on the stock market.

The decision to float SBE and expected placing of further stock reflects Fininvest's need for cash to cut debt and expand. Mr However, Fininvest has been in a "consolidation phase" owing to growing pressure on its financial resources.

Fininvest, which gained control of Mondadori in 1990-91, owned almost 90 per cent of ordinary shares and 80 per cent of the savings stock. It last month sold 20 per cent of Mondadori's ordinary shares to SBE for L243.4bn.

# Nissan to buy from Toyota supplier

By Charles Leadbeater in Tokyo.

NISSAN, Japan's second largest carmaker yesterday took the unprecedented step of agreeing to buy parts from a supplier affiliated to Toyota, its arch rival and Japan's largest car manufacturer.

The deal is the clearest challenge yet to the traditional structure of the Japanese car industry, in which car manufacturers are supported by a vast hinterland of suppliers dedicated to that carmaker.

By taking this move Nissan and Toyota are signalling to other makers and suppliers that they are not opposed to cost cutting measures which involve companies from different corporate groupings.

The agreement marks a radical departure for Japan's carmakers which are restructuring to cut costs in response to deeply depressed domestic sales, stagnant export markets and heavy fixed costs from past investment.

The agreement is for Nissan to purchase about Y1bn ($9m) worth of engine parts a year from Aisan Industry, an affiliated supplier in which Toyota has a large minority shareholding.

The deal is small and does not come into operation until 1995 but it could well pave the way for other car manufacturers to break the strict demarcation lines between suppliers for different carmakers.

Nissan will buy vacuum pumps from Aisan Industry. The parts which are used in diesel engines for Toyota's Camry and Corona models will be used, without modification, in two of Nissan's six types of diesel engine.

Nissan executives indicated that Aisan's vacuum pumps were more reliable than the pumps it currently uses.

Some car industry executives predicted that the deal would pave the way for Nissan and Toyota to cut costs by jointly designing and procuring common engine parts, including commercial vans and trucks as well as cars.

Japanese car manufacturers are planning to cut the number of components they use by up to 40 per cent in an attempt to cut costs. It is likely that this will lead to sharp reductions in the number of suppliers traditionally affiliated to car manufacturers.

# GPA must raise $250m in a week

By Roland Rudd in London

GPA Group, the troubled aircraft leasing company, needs to raise up to $250m within a week before its rescue deal with GE Capital can go ahead.

While the company's core lenders yesterday welcomed the last-minute agreement with General Electric's financial services arm, they said GPA needed to overcome a number of hurdles.

GPA remains confident, however, that shareholders and lenders will agree to all the requirements but as one of its bankers explained: "If the next week does not work out as it should, the group will go into examination [the Irish equivalent of administration]."

GE Capital has yet to agree what price it will pay for its option to take a 65 per cent stake in the group, which could rise to 80 per cent by the end of March 1997.

However, it may insist that the banks write off at least 20 per cent of their $3bn borrowings as part of any deal to take a controlling stake.

In the next few days the group's key lenders will be asked to provide $100m as a bridging loan to help finance bond payments due in May and June.

Some existing shareholders will also be asked to provide a further $150m. The total of $250m must be found before May 17, when the first $50m of bond payments are due.

GPA's 138 banks will also have to provide further waivers of breaches on its banking covenants until the end of June.

While most lenders are expected to agree, the group is not taking any bank for granted given that four have still not agreed to the restructuring of GPA's $5.5bn of borrowings.

The group also requires a waiver over the same period from the holders of a Japanese club loan, worth $150m, with further extentions needed later in the year.

Harris Investment Management, a subsidiary of the Chicago-based Harris Banking Corp, must waive its $45m put option.

GPA has warned its banks that the combined cost of restructuring, lost deposits from aircraft manufacturers and the falling aircraft values will lead to provisions which could reach $500m.

GE Capital has agreed in principle to buy $1.35bn worth of aircraft from GPA. The group's bondholders were yesterday given an update on the deal when they met GPA directors in New York.

The refinancing, Page 23


*Can Spiderman save the global financial community from a devastating plague of boredom?*

*"Only a miracle can make accountancy fun," gasps British accounting tsar David Tweedie.*

*Is this too great a challenge for Spiderman's super-powers? Now read on . . .*

FZAP! Marvel Entertainment Group, US king of the comic books, has enlisted Spiderman, the Incredible Hulk and other superheroes to guide investors through its fiendish forest of financial facts.

Marvel's annual report is published as a full colour comic book in which concerned shareholder Dr Doom battles the superheroes to find the company's financial data. "I must discover HOW and WHY Marvel expanded operations and broadened the scope of the company!" he cries.

*SLASH!* A drop in debt! *WHAM!* An acquisition! *FSHAS!* A stock split! "If you owned one share, you now had two, and shares outstanding were approximately 24m," says Multiple Man.

Full details in more traditional format follow, with the superheroes banished to graphics. But there is no escaping Auditor Man, Ernst & Young . . .

Could Spiderman transform British accounting, too? David Tweedie, chairman of the Accounting Standards Board, says: "It sounds like fun and anything that makes accountancy fun is pretty miraculous. One of the issues we have to tackle is simplifying accounts for shareholders who are not experts."

Next: Spiderman tackles FRS3 . . .

# Conrad Black in move to increase stake in Fairfax

By Emilia Tagaza in Melbourne

MR CONRAD BLACK, the Canadian and UK publisher, has started to implement plans to raise the shareholding of his interests in John Fairfax, the Australian newspaper group, from 15 to 25 per cent.

Fairfax directors announced last night they had been notified that Vanderkneep Holding, an associate of Mr Black's The Telegraph, had purchased a parcel of options in Fairfax from Hellman and Friedman, the US investment bank, and its associates.

The purchase, at a cost of about A$30m (US$21.4m), gives Mr Black's interests the potential to increase their total stake in Fairfax to around 21 per cent. The options, exercisable by the end of the year, are over unissued participating convertible notes which can convert into shares.

The purchases had been expected following a decision by the Australian government earlier this year to allow Mr Black to increase his Fairfax stake to 25 per cent, and to limit foreign ownership in the company to 30 per cent.

The deal observes that position, with Hellman and Friedman's stake in Fairfax reduced to 5 per cent.

Mr Black is expected to purchase Fairfax shares in the market to take his interest in the company to the allowable 25 per cent.

Fairfax shares fell 6 cents to A$2.16 on Australian stock exchanges yesterday after closing at an all-time peak on Wednesday.

The other major shareholder in Fairfax is Mr Kerry Packer, the Australian media operator, who recently revealed a 10.45 per cent stake.

Following the sale of Mr Packer's near 10 per cent interest in Westpac Banking Corporation earlier this week for more than A$500 million, speculation has intensified that he may move to increase his Fairfax stake.

A partner in Hellman and Friedman, Mr Andrew Barger, said he was confident of Fairfax's future and Hellman and Friedman expected to continue to be an active participant in the company.

Meanwhile, the opposition yesterday called on the government to release the advice it received before approving Mr Black's request to raise his Fairfax stake.

# BT reports £1bn profits fall and freezes chairman's salary

By Andrew Adonis in London

BRITISH TELECOM yesterday reported a £1bn ($1.54bn) fall in full-year profits and a far worse than expected deficit on its pension fund.

The setback on the pension fund is expected to make a significant dent in profits for the Uk telecommunications group next year and may foreshadow similar pressures on UK pension funds generally.

The salary of Mr Iain Vallance, BT's chairman, is to be frozen at £465,000 and will not be reviewed again until July 1994. The performance-related component remains unchanged at £90,000.

Despite the recession, however, turnover for the year to March 31 was only slightly down on 1991-2, and underlying income growth of 2.8 per cent in the final quarter led BT to claim it had "turned the corner quite significantly".

With an 8 per cent increase in net dividend payments the City of London appeared to discount the impact of the pension fund deficit in yesterday's trading. BT's shares closed 1.5p up, at 404p, encouraging news for the UK government as it prepares to sell a third tranche of its BT shares in July.

The pre-tax profits, down 36 per cent to £1.98bn from £3.1bn last year, include more than £1bn in costs incurred in the voluntary redundancy scheme which helped reduce BT's workforce by 19 per cent over the year. Disposals and the repurchase of bonds reduced profits by a further £190m.

At 15.6p a share, the net dividend for the year was 8.3 per cent up on last year, increasing payments to shareholders from £888m to £967m despite a fall in earnings per share from 33.2p to 19.8p.

BT said this was justified by the company's "underlying performance and financial strength".

Because of a deficit of about £750m in its pension fund as of January 1, BT resumed the payment of employer contributions to the fund on April 1, and plans to make an additional contribution of £800m. Its total net contribution to the fund in the current year will be about £1.3bn, compared with only £40m in the year just reported.

Mr Barry Romeril, BT's finance director, said the pension fund deficit was not due to the past year's redundancies alone, but also to the poor performance of dividends and property and to changes to advance corporation tax announced in the Budget.

The last two factors are thought to be having an adverse effect on most pension funds.

Mr Vallance said: "In a year when BT's prices were capped at 6¼ per cent below the retail price index, we think customers and shareholders alike have had a good deal."

Lex, Page 16;
Pensions analysis, Page 25.

# VW indicates a return to profits in the second half

By David Waller in Frankfurt

VOLKSWAGEN, Europe's biggest carmaker, yesterday said that it would make a loss in the second quarter of the current year but it would be much smaller than the DM1.2bn ($750m) deficit posted in the first three months.

In a letter to shareholders, Volkswagen indicated that it would start making profits again in the second half of the year and would be able to report a positive result for the year as a whole.

These confident comments reiterated the message given by Mr Ferdinand Piëch, VW's chief executive, at the group's press conference at the end of March. It was then that he revealed the scale of the first-quarter loss – but said that the worst was over.

The comments support investors' confidence that VW's aggressive cost-cutting measures would bear fruit later this year, possibly allowing the company to pay a dividend after the pay-out for 1992 was cut to DM2 from DM11 in 1991.

VW's shares added DM4.50 yesterday to close at DM322.

The company is planning to shed 20,000 jobs this year out of a total of 36,000 job cuts to take effect by the end of 1997. The company's commitment to tackling its bloated cost base was underscored by the hiring of Mr Jose Ignacio Lopez, the Spanish purchasing chief who left General Motors to join Volkswagen at the end of March.

● BMW yesterday announced that sales for the first four months of the year had dropped by 8.3 per cent to DM9.67bn. Production of cars fell by 11.5 per cent to 189,528 units, showing that the company was not immune to the downturn in the German car sector.

However, the Bavaria-based company continued to escape the worst of the problems: in Germany the number of new passenger vehicle registrations in the first quarter of the year fell 21.5 per cent.

Mr Eberhard von Kuenheim, speaking at his last shareholders' meeting as chief executive, said that BMW would deliver a healthy profit for the full year.

# Lufthansa recovery continues in first quarter

By David Waller

LUFTHANSA, the troubled German state airline, yesterday announced a reduced first-quarter loss and predicted that its loss for this year as a whole would be less than that for 1992.

Mr Jürgen Weber said at a press conference that Lufthansa would press on with cost-cutting measures, thus ensuring that the 1993 deficit would be less than last year's pre-tax loss of DM297m ($186m).

This would be Lufthansa's second annual loss reduction. Last year's deficit was DM34m, down from the DM331m pre-tax loss of 1991. Mr Weber's oft-vaunted goal is to return the airline to the black by 1995.

In the first three months of the current year, the airline's group loss narrowed to DM245m, down from DM886m in the first three months of last year.

The improvement was exaggerated by the effect of changes in the way of accounting for depreciation, which benefited the figures by DM95m. But there was a significant increase in capacity utilisation as the airline increased its load factors in both freight and passenger business.

Costs dropped by 3.3 per cent for the quarter, reflecting a 6 per cent reduction in staff levels to 48,251 employees from 51,335. Personnel costs dropped by 7.6 per cent to DM1.08bn from DM1.17bn.

Mr Weber vowed to continue with cost-cutting over the course of the year, but voiced the by-now familiar complaint that the government – which owns 51 per cent of the airline – should help to make the group more efficient.

He reiterated his condemnation of US air transport policy, which he said encouraged bankrupt companies to survive under Chapter 11 arrangements (which protect insolvent companies from creditors) and to "ruin the market with dumping prices".

# UK hotelier lifted by weak sterling

By Philip Rawstorne in London

AN injection of £29m ($44.7m) from sterling's devaluation lifted the first-half pre-tax profits of Grand Metropolitan, the food, drinks and retailing group, to £416m from £394m, an increase of 5.6 per cent.

At level exchange rates, profits would have declined 1.8 per cent. GrandMet's shares lost 11p to close at 422p.

Currency translation of dollar-denominated debt added £676m to the group's net borrowings, which rose to £3.16m, increasing gearing to 82 per cent from 70 per cent.

Sir Allen Sheppard, chairman and chief executive, said trading had remained challenging and the pace of recovery in key markets remained difficult to predict.

"We expect the US and UK to continue to improve gradually; but we believe the continental European markets will increasingly be affected by recession throughout 1993."

Earnings per share for the six months to March 31 improved 3 per cent to 13.4p; the interim dividend is up 5.4 per cent to 4.85p.

The North American food business reported profits of £126m, 5 per cent ahead in sterling but 10 per cent lower in local currency. Dollar profits of the US Green Giant vegetable business were halved as the industry continued to work through the surplus produced last summer and the market remained "extremely soft and competitive". The group is expanding into the fresh produce market, with sales of Green Giant vegetables of over $50m (£32.4m).

Operating profit from European food operations, affected by marketing investments in Haagen-Dazs ice-cream and Pillsbury dough, as well as deteriorating market conditions, fell to £1m from £4m.

IDV, the drinks division, contributed profits of £268m, 4 per cent ahead in local currency. The group strengthened its market share in North America where profits rose to £92m from £77m.

On the retailing side, Burger King moved profits 13 per cent higher to £63m helped by cost reductions, new unit openings, and margin improvements.

In the UK, the Chef & Brewer managed pubs and GrandMet Estates, the property division, raised profits 8 per cent to £28m, though pub volumes were lower.

GrandMet, which included a £6m trading loss from the Inntrepreneur pubs joint venture with Courage in its accounts, announced that, subject to revaluation, it will have to inject a further £65m into the company in October to comply with banking covenants.

Inntrepreneur funding, Page 26

# Land Securities raises £140m

By Vanessa Houlder, Property Correspondent

LAND SECURITIES, the UK's biggest property company, yesterday raised £140m ($215.6m) for new property investment through a convertible bond issue and announced a better than expected set of results for the year to March 31.

Its net assets per share fell by 9.2 per cent to 504p from 555p, which was a less severe fall than most City analysts expected.

Its pre-tax profits rose by 2.6 per cent to £233.4m from £227.5m, and it raised its dividend by 5.1 per cent, reinforcing its reputation as the most financially stable company in the UK property sector. The shares rose 6p to 551p.

Mr Peter Hunt, chairman, was cautious about the outlook for the property sector, saying that the recovery of the property market had historically lagged the rest of the economy. However, he said that the valuation yields of Land Securities' central London offices had improved, following a rise in investment in the sector by overseas buyers.

Land Securities said it would use the proceeds of the issue to "finance property acquisitions as opportunities arose" and for general working capital. It said it intended to buy buildings with growth potential, primarily outside London.

Net rental income rose by 7.7 per cent to £330.7m. But the value of the portfolio went down by 7 per cent to £4.1bn, which represents a yield of 9.9 per cent on current income.

The company has tried to shift the balance of its portfolio towards properties with more growth potential. During the year, the company spent £179.5m on acquisitions and £57.6m on developments and refurbishments. It made sales of £127.7m.

Since March 1988, the value of the portfolio's office content fell to just under 45 per cent from 60 per cent, retail increased to over 50 per cent from 39 per cent and industrial and warehouse property increased nearly three-fold to about 5 per cent.

Earnings per share rose to 33.68p from 32.62p. A final dividend of 16.55p per share was recommended, making a total of 22.85p for the year, an increase of 5.1 per cent.

Further details, Page 22

# Black buys options in Fairfax

By Emilia Tagaza in Melbourne

MR Conrad Black, the Canadian and UK publisher, has begun to implement plans to raise his interests' shareholding in John Fairfax, the Australian newspaper group, to 25 per cent from 15 per cent.

Fairfax directors announced last night they had been notified that Vanderkneep Holding, an associate of Mr Black's The Telegraph, had purchased a parcel of options in Fairfax from Hellman and Friedman, the US investment bank, and its associates.

The purchase, at a cost of about A$30m (US$21.5m), gives Mr Black's interests the potential to increase their total stake in Fairfax to about 21 per cent. The options, exercisable by the end of the year, are unissued participating convertible notes which can convert into shares.

The purchases had been expected following a decision by the Federal government earlier this year to allow Mr Black to increase his Fairfax stake to 25 per cent, and to limit foreign ownership in the company to 30 per cent.

The deal observes that position, with Hellman and Friedman's stake in Fairfax reduced to 5 per cent.

Mr Black is expected to purchase Fairfax shares on the market to take his interest in the company to the allowable 25 per cent.

Fairfax shares fell 6 cents to A$2.16 on Australian stock exchanges yesterday after closing at a peak on Wednesday. The other large shareholder in Fairfax is Mr Kerry Packer, the Australian media operator, who recently revealed a 10.45 per cent stake.

Following the sale of Mr Packer's near 10 per cent interest in Westpac Banking Corporation earlier this week for more than A$500m, speculation has intensified that he may move to increase his Fairfax stake.

A partner in Hellman and Friedman, Mr Andrew Barger, said he was confident of Fairfax's future and Hellman and Friedman expected to continue to be an active participant in the company.

Meanwhile, the Federal opposition yesterday called on the Federal government to release the advice it received before approving Mr Black's request to raise his Fairfax stake.

# Euroc sells 18.3% stake in Aker

By Karen Fossli in Oslo and Christopher Brown-Humes in Stockholm

EUROC, the Swedish cement group, has sold its 18.3 per cent shareholding in Aker, the Norwegian cement, oil and gas technology group, for SKr640m ($86.5m).

The share stake has been sold to a number of institutional Norwegian and foreign investors.

Euroc said it would make a capital gain of SKr60m on the deal and that as a result annual earnings would improve by about SKr40m.

Euroc said the disposal would reduce the group's interest-bearing debt by NKr560m ($82.3m) to NKr3.2bn and strengthen its balance sheet.

Aker said that more than half of the shares were placed in Norway among several institutional investors.

Norway's state social security fund becomes Aker's biggest shareholder with 13.2 per cent.

Uni Storebrand, the big insurer, will hold 9 per cent. Aker would not be drawn on details of the foreign investors.

Mr Tom Ruud, Aker's chief executive, said the disposal had improved liquidity and cleared the way for the planned listing on the London stock exchange.

# Saab reduces losses to SKr138m

By Christopher Brown-Humes in Stockholm

SAAB Automobile, the Swedish car group jointly owned by General Motors of the US and Saab-Scania, showed the benefits of restructuring and cost-cutting when it announced a sharp reduction in first-quarter losses yesterday.

The company's deficit fell to SKr138m ($18.6m) from SKr293m in the same 1992 period as revenues rose to SKr3.99bn from SKr3.9bn.

The company said it was starting to see the effects of a drive to cut costs across all parts of its business.

However, Saab noted that it would only begin to feel the benefits of last year's programme to cut 2,000 jobs to save SKr2bn in the second half of the year.

# Anglo-Swedish steel group in red

By Christopher Brown-Humes

AVESTA Sheffield, the newly-formed Anglo-Swedish stainless steel producer, yesterday disclosed a first-quarter loss after financial items of SKr53m ($7.2m) and said it planned to shut one of its three melting shops.

The company will close its Degerfors plant in Sweden, with the loss of some 380 jobs, to concentrate production on Avesta in Sweden and Sheffield in the UK. The closure, which will cost an estimated SKr190m, will take place over the next 12-18 months as additional capacity is built up at Avesta.

The company said its first-quarter figure was better than in the corresponding 1992 period, although it did not provide a comparative figure because Avesta only merged with the British Steel Stainless last November. Sales in the latest three months amounted to SKr3.5bn, compared with SKr11.8bn in the whole of 1992.

The company noted that the weaker Swedish and UK currencies and lower energy and employer charges in Sweden had strengthened its competitiveness. But it noted that it was getting little relief from market conditions.

The group said it was expecting its full-year result to be considerably better than last year, when it sustained a SKr564m loss.

# Taiwan revives its privatisation programme

By Simon Davies in Taipei

THE Taiwanese government is to revive its scarred privatisation programme by offering majority stakes in two state companies in the next fortnight. Shares will be auctioned to avoid the problems that beset recent privatisations of China Steel and BES Engineering.

The T$108bn (US$4.13bn) domestic tranche of last year's China Steel share offer was only 38 per cent subscribed. The attempted T$6.1bn sale of 60 per cent of BES in December fared worse, forcing the government to arrange this second attempt at selling the shares.

However, Taiwan Machinery may be an even greater test. The industrial company has been a substantial loss-maker in recent years, but it has 100,000 sq metres of prime vacant land, and the government is expecting some interest from property developers.

The ministry of economic affairs plans to offer 385m shares, or 60 per cent, of Taiwan Machinery, raising in the region of T$10bn. A base price will be set, and investors will put in offers for a minimum 10 per cent stake at, or above, that price.

The ministry claims the primary incentive for its privatisations is to achieve greater autonomy for the company, thereby improving management efficiency. But so far it has failed to sell a controlling stake in any of its public companies.

A more fundamental rationale for the government's privatisation programme is to alleviate the huge debt burden created by its proposed US$300bn six-year development plan.

Brokers remain cynical about whether these privatisations can be successful. There is no co-ordination between the various ministries that control Taiwan's public enterprises, and there is an archaic public share offering system.

Under the current mechanism, a company has to fix the issue price more than one month before investors have to pay up for its stock; usually, if the stock market falls, the issue is not subscribed, as was the fate for both China Steel and BES.

Taiwan Machinery and BES will be the first share offers to take place by auction, and the ministry has looked at a number of other ways of streamlining the issue process.

It has a strong incentive to do so. It is due to offer a tranche of China Petrochemical during 1992. The finance ministry is also scheduled to raise more than T$50bn this year through the privatisations of Chiao Tung Bank, Farmers Bank and Chung Kuo Insurance.

# S African blacks offered stake in Metropolitan Life

By Philip Gawith in Johannesburg

METROPOLITAN LIFE, South Africa's seventh largest life insurer, is to invite the country's black community to take a stake in the company.

More than 90 per cent of Metpol's new business is sold to blacks and 84 per cent of existing policyholders are black.

Under the R137m ($43m) deal, a new company, Metlife Investment Holdings (Methold), to be controlled by black shareholders, will buy from Sankorp, the company which manages the strategic investments of the Sanlam group, 10 per cent of the equity of Metpol.

Methold will also have a five-year option to buy a further 20 per cent of Metpol's equity, less one share, from Sankorp.

The transaction is the most far-reaching yet taken with the aim of increasing the role of blacks in an economy that remains overwhelmingly dominated by whites.

Giving more economic power to blacks will be a priority of any future government in South Africa.

Significant, too, is that Sankorp is behind the deal. Sankorp played a decisive role in promoting the unbundling of Gencor, South Africa's second largest mining house, announced earlier this week. Unbundling and black economic empowerment are both key aims of the African National Congress, which will be the dominant partner in a future government. Taken together, the two initiatives cast Sankorp in a politically progressive light.

Explaining the deal yesterday, Mr Marinus Daling, chief executive of Sankorp, said: "It is imperative that a larger part of the South African population be given the opportunity to participate meaningfully in the economy."

It was Sankorp's aim, with the Metpol transaction, "to make a positive contribution towards the important structural changes that are required in the South Africa economy". He added that there were considerable other benefits, especially marketing, which should make the deal a financial success for Metpol.

The transaction makes Metpol the first quoted company in which the black community plays a dominant role.

It is being financed by the Industrial Development Corporation, which will be repaid as money is generated through the sale of Methold shares to the black community.

The 40 per cent of Metpol shares held between Sankorp and Methold is the basis for a voting pool agreement between these two parties where the "leading role" will rest with Methold.

The underlying principles of the agreement are that Metpol will retain its listing, policyholders' interests will not be prejudiced and existing management will not be disrupted. Metpol has a market capitalisation of about R1.6bn and total assets just short of R5bn.

DIFFICULT market conditions depressed attributable earnings of Anglo American Coal (Amcoal), South Africa's largest coal group, by 6.4 per cent, before extraordinary items, to R252.3m ($79.3m) from R269.4m in the year to March, writes Philip Gawith.

Mr David Rankin, chairman, also forecast lower earnings in the year ahead, saying a better domestic performance would be offset by a significantly reduced contribution from exports. He said export prices appeared to be approaching levels which would call into question the viability of some of South Africa's exporting collieries.

## NEWS IN BRIEF

### Mitsubishi Estate declines by 21.7%

By Wayne Aponte in Tokyo

MITSUBISHI Estate, Japan's leading property company, suffered a double-digit decline in pre-tax profits for the fiscal year to March. Taxable profits dropped 21.7 per cent to Y70.6bn ($634m) from a year earlier because of a prolonged downturn in the domestic property market. Net profits fell 22.7 per cent to Y37bn, while sales grew a slim 1 per cent to Y349bn.

The company owns land and office buildings in Tokyo's financial district.

According to housing sector analysts, the economic downturn lowered Mitsubishi's Estate's occupancy rates for large-scale office buildings to about 60 per cent, compared with 90 per cent in previous years. In addition, leasing rates are seen declining for its new buildings.

Mitsubishi Estates shares, which have retreated from a 1993 peak of Y1,290, ended Y20 lower at Y1,140 in Tokyo yesterday.

### Toyoda Loom up

Toyoda Automatic Loom Works, one of the Toyota Motor group of companies, saw profits rise for the fiscal year ended March.

Pre-tax profits grew by 1 per cent to Y24.3bn, due to streamlining efforts, compared to a 20.3 per cent decline a year ago, writes Wayne Aponte. Net profits rose 2.3 per cent to Y15.3bn.

But overall sales dropped 2 per cent to Y571.5bn in the softening domestic motor market.

The company assembles cars for Toyota, and makes textile machinery, industrial vehicles and engines.

Toyoda Automatic Loom forecasts a below-average performance this fiscal year due to foreign exchange losses and increased depreciation costs. Sales are expected to drop about 3.8 per cent to Y550bn, with pre-tax profits down 13.6 per cent to Y21bn and net profits down 12.9 per cent.

Sales of Toyoda Machine Works declined 7.3 per cent last year to Y161.8bn

### Aisin Seiki ahead

Cost-cutting helped Aisin Seiki, Japanese car parts manufacturer, to a 7.2 per cent increase in pre-tax profits to Y15.3bn for the year to the end of March, writes Charles Leadbeater in Tokyo.

Aisin said it was able to offset a Y6.5bn increase in personnel and foreign exchange losses by eliminating other costs worth Y7.5bn. Aisin, which is affiliated to Toyota, the leading car maker, reported a 1.4 per cent drop in sales to Y545bn, its fist fall in sales for six years.

### Qantas sale

Australia's finance minister Ralph Willis said yesterday the sale of the government's international airline, Qantas Airways, will be completed in the fiscal year ending June 30 1994, AP reports from Canberra.

"There has been considerable progress this financial year and although Qantas will not be fully sold this financial year it will be completed in the sale next financial year," Mr Willis told parliament.

# Production at Hyundai resumes

HYUNDAI MOTOR, South Korea's largest vehicle maker, yesterday resumed normal operations after production was disrupted by a two-week strike at its main subcontractor for bumpers, writes John Burton in Seoul.

Hyundai said that it lost almost $200m in sales due to delays in the production of 20,000 cars as a result of the industrial action at Apollo Industrial, which also supplies headlamps and crash pads.

The government last week ordered a police raid against Apollo to arrest the trade union leaders that were leading the illegal strike. The union this week agreed to end the strike if its leaders were released.

# Citizen Watch edges ahead

By Charles Leadbeater in Tokyo

COST CUTTING and aggressive marketing in new business sectors helped Citizen Watch to a slight rise in pre-tax profits for the year to end-March in spite of sluggish domestic demand and depressed international markets.

Citizen reported a 0.3 per cent increase in pre-tax profits to Y16.9bn ($152.3m) on a 6.9 per cent rise in sales to Y252.4bn.

The company said it had faced a harsh environment with cuts in corporate capital investment in Japan, which affected Citizen's industrial machinery business, along with sluggish personal consumption and stagnant overseas markets. Citizen warned that the recent rapid appreciation of the yen and the prospect of growing frictions with its trade partners cast a shadow over the outlook for the coming year.

Wrist watch production rose by 14.9 per cent to 186.7m watches. However, intensifying price competition for luxury watches reduced Citizen's profit margins, offsetting gains on sales of cheaper products, including those made under licence to other companies.

Worldwide wristwatch sales fell by 2.5 per cent to Y119.4bn. Citizen said it was mainly cutting costs by transferring wristwatch production to lower cost sites elsewhere in Asia.

The sharp fall in Japanese corporate investment cut sales of industrial machinery by 35 per cent to Y17.1bn. However, sales of notebook personal computers were strengthened by Citizen's strong position in miniaturisation technology. This pushed up sales of information equipment and parts by 38.6 per cent to Y74.5bn.

Sales of liquid crystal display units and portable televisions grew, taking the company's sales of electronic equipment to Y35.5bn, up 30.2 per cent from the year before.

Sales of electronic and information equipment made up 43 per cent of Citizen's sales last year, compared to 33 per cent in the previous year.

Net income per share was 14.9 per cent up at Y30.65. The final dividend was increased by Y1 to Y5, lifting the full dividend to from Y8 to Y9.

# Losses at Thomson widen

By Bernard Simon in Toronto

LOSSES at Thomson Corporation, the Canadian-owned travel and information group, widened in the first quarter, largely because of weak demand and higher spending on new North American publishing products.

The company disclosed it had sold all but one of more than 70 loss-making UK free sheets. The loss on these sales was covered in a special charge against 1992 earnings.

The first-quarter loss was US$55m, or 10 cents a share, up from $47m, or 9 cents, a year earlier. Revenues dipped to $1.07bn from $1.14bn.

The first quarter is normally the weakest for the travel group and substantial parts of the publishing business. Thomson said seasonal losses had grown as its interests in these areas expanded, but higher winter losses should be offset by improved summer profits.

The information and publishing division suffered an operating loss of $19m, after amortisation of publishing rights and circulation, up from $3m last year. But UK regional newspapers achieved "improved" results.

Thomson Travel's operating loss narrowed to $29m from $34m, due to the stronger US dollar against sterling and profits from aircraft disposals.

The company said summer 1993 holidays were selling well after a slow start, with sales volumes 8 per cent ahead of this time last year. But Britannia Airways' business was slower in the first quarter than a year ago.

Profits and margins of North American newspapers improved, due largely to cost cutting. But trading conditions remain difficult, with advertising lineage down 5.1 per cent and circulation of many titles under pressure. Mr Michael Johnston, head of Thomson Newspapers, resigned earlier this week after a disagreement with senior management.

## Gambro ahead at SKr220m

GAMBRO, the Swedish medical equipment maker, increased first-quarter profits to SKr220m ($29.7m) from SKr176m as sales rose 42 per cent to SKr2.1bn, writes Christopher Brown-Humes in Stockholm. It expects full-year profit to exceed last year's SKr753m. Profit per share rose to SKr4.61 from SKr3.72. The group said the full-year result would benefit from the weaker krona.

## Breeden joins accountants

By Patrick Harverson in New York

MR Richard Breeden, former chairman of the US Securities and Exchange Commission, is joining the international accountancy and consultancy firm Coopers & Lybrand as a senior partner.

The firm said yesterday that Mr Breeden, who served as SEC chairman from 1989 until last month, will help run Coopers' US and international financial services groups.

Mr Breeden, 43, will lead the firm's efforts in providing advice to clients on capital markets and regulation, and in the privatisation of foreign companies, a business which Coopers has pioneered.

The appointment is a coup for Coopers, which will be able to exploit Mr Breeden's political clout, his understanding of international regulatory issues and his experience of the global securities business.

## Probe into Vancouver exchange launched

By Bernard Simon

BRITISH Columbia has a launched a wide-ranging investigation into the Vancouver stock exchange in an attempt to avoid further repetitions of the scandals which have plagued the exchange.

The investigation will be conducted by Mr Jim Matkin, former president of the Business Council of British Columbia. Mr Matkin has been asked to report within six months.

His terms of reference include the powers and responsibilities of regulatory bodies, including the VSE itself, as well as the adequacy of penalties for wrongdoing. He has also been asked to make proposals on the allocation of resources for criminal prosecutions.

Numerous measures have been taken in recent years to tighten listings procedures and other rules, but the VSE's image has remained tarnished.

In spite of its problems, however, the VSE index has soared by 47 per cent so far this year.

## Midwest SE returns to its Chicago roots

By Laurie Morse

THE Midwest stock exchange, the second-largest stock exchange in the US after New York, will return to its original name, the Chicago Stock Exchange, from July 8.

Members voted for the change in the hope that the Chicago name would carry a higher profile than "Midwest".

The 111-year-old stock exchange took the Midwest name in 1949 when it acquired stock exchanges in Cleveland, St Louis, Minneapolis and, later, New Orleans.

"We operate in a very competitive environment and want to build the identity of our exchange locally, nationally and internationally," said Mr Homer Livingston, exchange president.

"We believe the name 'Chicago' is key to strengthening that identity, given the Chicago exchange's reputation for creative products, innovative technology and focus on service."

# Sears, Roebuck sells property arm

By Laurie Morse in Kansas and Nikki Tait in New York

A MANAGEMENT-led investment consortium will buy Coldwell Banker Residential Group, the residential property arm of US retailing group Sears, Roebuck, Mr Edward Brennan, Sears chairman, announced at the annual meeting yesterday.

The sale represents a further step in Sears' strategy to scale down its involvement in financial services and focus on its core retailing business.

The Fremont Group, formerly Bechtel Investments, will purchase the Coldwell Banker Residential Group, with senior management executives at Coldwell Banker, led by Mr Chandler Barton, chairman, participating in the transaction.

Sears did not disclose the sale price, but there were indications yesterday that the proceeds, together with the $328m obtained for Sears' mortgage banking unit, would reach approximately $500m.

Sears announced the sale of Sears Mortgage Banking group, previously part of the Coldwell Banker division, to PNC Bank earlier this week.

Coldwell Banker, which has more than 2,100 residential real estate offices in North America, made a net loss of $7.7m in the first quarter. It was founded in 1906 and acquired by Sears, Roebuck in 1981, when the Chicago-based group started to expand into financial services.

The Fremont Group is a private investment corporation that manages more than $3.5bn in assets worldwide. Through Fremont Investment Advisers, the company manages more than $2.5bn in securities portfolios and mutual funds.

Mr Brennan told shareholders that "the successful completion of this transaction, plus the sale of Sears Mortgage Corp announced earlier this week are initial steps in our repositioning programme which will continue to enhance shareholder value."

Sears has already announced plans to float a 20 per cent interest in its Allstate insurance unit next month.

Mr Brennan said Allstate would be the largest publicly-traded "personal lines" insurance company in the US. After the offering, the remaining 80 per cent of Allstate's equity will be owned by Sears.

## Treuhand concludes mines sale

By Judy Dempsey in Berlin and David Waller in Frankfurt

THE Treuhand, the agency responsible for privatising eastern German industry, yesterday concluded the sale of the region's potash mines in a contract giving it a 49 per cent stake in the new company.

The contract will involve the Treuhand in a DM1bn ($620m) investment.

However, the Treuhand will have an opt-out clause giving it the right to sell its stake after five years. The ministry of finance will decide in two weeks whether to validate the unusual sale.

The contract involves selling Mitteldeutsche Kali to Kali & Salz, which is 75 per cent owned by BASF, the German chemicals group.

Kali & Salz will hold 51 per cent in the new company, which will work towards reducing capacity and cutting the labour force in mines in eastern and western Germany.

Kali & Salz lost more than DM10m in 1991 on sales of DM1.4bn, while its eastern German counterpart recorded a loss of more than DM100m, on sales of less than DM1bn.

The contract preserves Germany's monopoly over the potash industry in Europe, in spite of attempts to seek a foreign partner.

However, the new company will reduce total potash capacity to about 3.1m tonnes a year in the whole of Germany, and cut the combined workforce from 11,000 to 7,000.

## The Gap slides 8% to $41.5m

By Nikki Tait

THE GAP, the fashion store group which until last summer was one of the brightest retail "stars" in the US, yesterday reported an 8 per cent fall in first-quarter profits, to $41.5m after tax.

The profits slip came on sales of $643.6m for the three months to May 1, up from $588.9m in the same three months of 1992.

However, The Gap said that on a same-store basis, turnover showed a 1 per cent decline.

The apparent increase was generated by the addition of new stores: at the end of the period, the company had 1,319 outlets, comprising 880 Gap, 166 Banana Republic and 273 GapKids, against 1,236 a year earlier.

In spite of the slide in profits, Mr Donald Fisher, chairman, said the company was pleased with the progress "in the light of continued weak consumer demand".

He added that the group had been operating with lower stock levels, and had succeeded in being less promotional. As a result, it had seen "improved merchandise margins".

On Wall Street, Gap shares lost $¼ at $35⅛ before the close. The retailer's stock has suffered over the past year because of investors' worries about competitive pressures for core items, such as jeans and T-shirts, but has regained some ground over the past two months.

## Intel files patent infringement suit

By Louise Kehoe in San Francisco

INTEL has filed a complaint with the US International Trade Commission against a Taiwanese personal computer manufacturer in a move to try to block imports of computers that contain "clones" of its microprocessor chips.

The action is the latest in a Intel's campaign of litigation against Advanced Micro Devices and Cyrix, two US chip companies that produce their own versions of Intel's top-selling chips.

The ITC complaint alleges that Twinhead, a Taiwanese maker of notebook computers, is selling products in the US that infringe an Intel patent. Intel has related patent infringement cases pending in US courts against both AMD and Cyrix.

The trade action against a competitors' customer follows a decision in the Cyrix patent case, in which the court refused to grant Cyrix an injunction preventing Intel from filing a suit against Cyrix customers. AMD said it believed its customers were protected from infringing Intel patents by a cross-licensing agreement between the two companies. That agreement is, however, the subject of separate litigation.

## Ford chief concerned at economic uncertainty

By Our New York Staff

THE US economy remains "one of the most daunting concerns" for Ford, according to Mr Harold Poling, chairman of the US carmaker.

Mr Poling told the annual meeting in Dearborn, Michigan, yesterday that although the economy had improved, the improvement had been slower and more modest than in previous recoveries.

"Consistent with that, we're forecasting industry sales in the US of about 13.7m units for 1993, up from 13.1m in 1992, or less than 5 per cent," he said.

The pace of the US recovery was being held back by uncertainty over likely tax increases and President Bill Clinton's healthcare reform package. Until that uncertainty was removed, consumer confidence would not be great enough to cause a strong increase in sales, Mr Poling said.

"We're grappling with difficult economies in the rest of the world as well – particularly Europe – along with intense competition and excess capacity, all of which make achieving satisfactory results a much more formidable task," he said.

Last month Ford reported first-quarter earnings more than doubled at $572m, reflecting improved results from its North American vehicle operations and a strong performance by its financial services business.

These results, Mr Poling said yesterday, were reason for optimism.















هكذا من الأصل

## INTERNATIONAL COMPANIES AND FINANCE

# Japanese banks put off facing up to bad loans

By Robert Thomson in Tokyo

JAPANESE banks will avoid confronting their bad loan problems in accounts to be released for the year ended March, in spite of a Bank of Japan recommendation that they should be more open about their loan losses.

Leading banks are still determined to give the impression that each institution's bad loan burden is much the same, and even the trust banks, particularly hard hit by bad property loans, plan to report net profits for the year to March.

The seven trust banks are expected to report, on average, a halving of net profits. The most vulnerable, Nippon Trust Bank, will announce a net profit of around Y2bn ($17.9m), compared to Y2.3bn in the previous period, banking sources said.

Sanwa Bank and Mitsubishi Bank are expected to report net profits of more than Y60bn, down from Y102bn previously and Y84bn in 1990-91. Sumitomo Bank is likely to have a net profit of Y14bn, compared to Y109.8bn, after having written off Y100bn of exposure to Itoman, the dissolved trading house and speculator.

The trust banks said yesterday they would be able to cover stock appraisal losses with increased business profits. But some banks would almost certainly be forced to report a loss without a favourable change in accounting regulations allowed late last year by the ministry of finance.

In previous years, trust banks have only been allowed to report interest already received on loans from their trust account, but this year, they can report delayed payments from troubled clients as interest earned, as long as the payment is not more than six months overdue.

Ms Alicia Ogawa, of Salomon Brothers, estimates that 40 per cent of the banks' trust account loans were made to property and financial companies, many of which have been badly bruised by stock and property market collapses.

Ms Ogawa said: "It is clear that Japanese banks, unlike American banks, are going to take a long-term approach to dealing with their problems. It is very difficult to tell one bank from another because you can't really see how exposed they are."

Officially, the leading 21 Japanese banks had Y12,300bn in property-related non-performing loans at the end of September, and an estimated Y14,000bn to Y15,000bn at the end of March.

However, the banks' actual exposure is unofficially estimated at Y30,000bn, as the official figure does not include affiliates' problem loans or the impact of interest rate cuts, sometimes to zero, for troubled clients.

# Ifil advances to L192.8bn

IFIL, the listed holding company controlled by Italy's Agnelli family, raised net group profits by 18.6 per cent to L192.8bn ($130m) last year from L162.5bn in 1991, writes Haig Simonian in Milan.

Ifil said it spent about L230bn to take its stake in Saint Louis, the French industrial holding company controlled by the Worms group, to 15.6 per cent from 6.5 per cent. Ifil said its aim, in agreement with Worms, was to increase its stake to a similar level to the 31.8 per cent held by Worms.

Net earnings for the parent company climbed by 13.6 per cent to L119.8bn, prompting a L10 a share dividend rise to L140 for ordinary shares and to L160 for savings stock. The value of Ifil's holdings, centred on the Fiat cars group, Saint Louis, the BSN foods group and Accor, the French hotels chain, rose to L2,025bn last year from L1,805bn at the end of 1991. The holdings showed a capital gain of over L900bn.

# A glimpse behind the veil around the Hinduja empire

**Stefan Wagstyl** interviews the group's chairman and family head, Mr Srichand Hinduja

FOR MORE than 50 years, an aura of secrecy has surrounded the businesses of the Hinduja family, owners of an international trading empire.

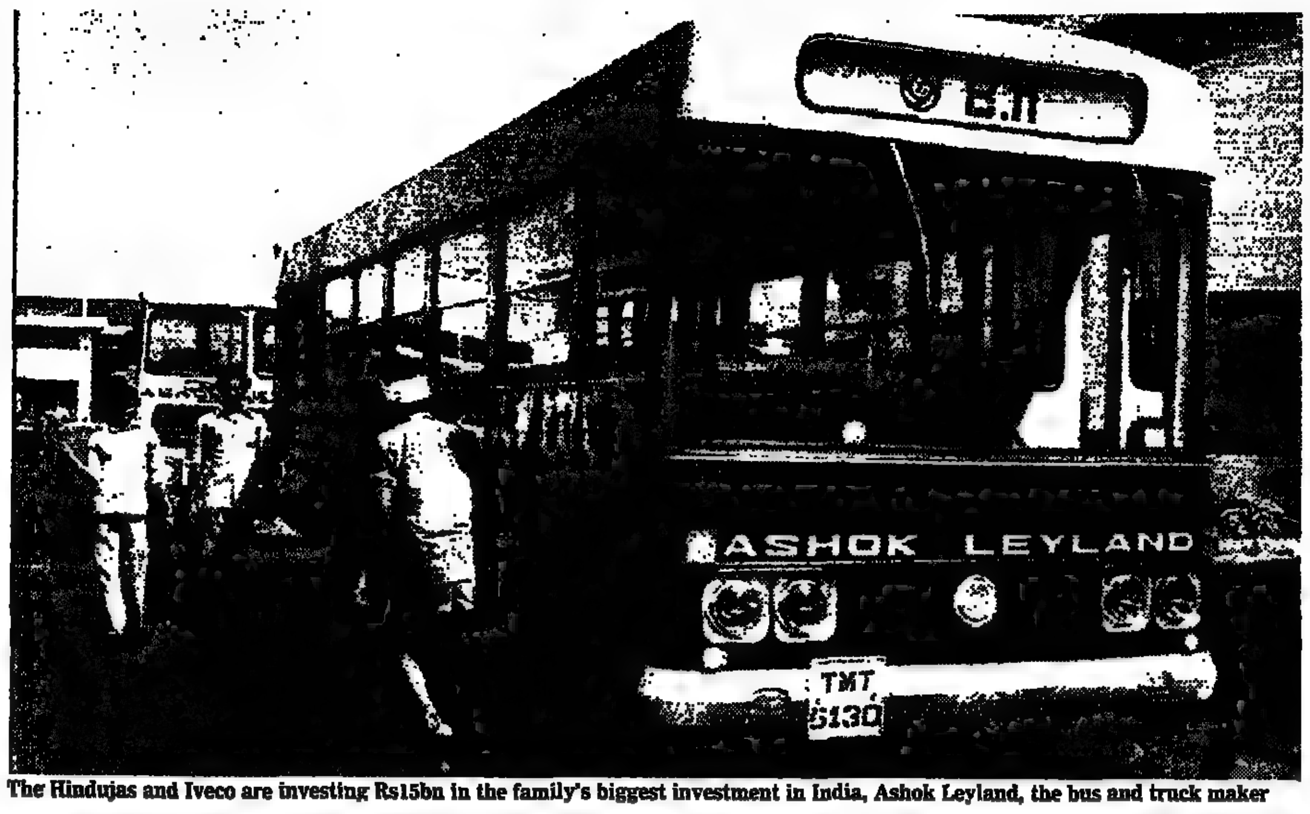
With luxury homes in London and elsewhere, lavish parties and generous charitable donations, the Hindujas have enjoyed the trappings of wealth. They have been photographed with celebrities ranging from Lady Thatcher and Mr George Bush to Mrs Indira Gandhi. They make gifts to Cambridge and Harvard Universities and to Indian hospitals. But, until now, they have said little publicly about the enterprises from which they make their money.

Last month, the Hindujas said they wanted to talk more openly about their businesses, because they planned to engage more in public commercial activities - such as running listed companies, tapping the capital markets, and, possibly, launching a bank. They have already invested in publicly-quoted companies in India, and may consider similar moves in other countries, including the UK and the US.

Mr Srichand Hinduja, the group chairman and head of the family, told the FT: "If we give away how we trade, we give away secrets... We don't talk about our business so people have this [sense of] confusion." But the group now felt it should give out more facts.

Sitting in a villa in Delhi with silk carpets at his feet, Mr Hinduja talked freely about world politics, the global economy and the value of Indian scientific traditions.

Mr Hinduja gave glimpses of a group which employs 16,000 people, mainly in India, Iran, the Gulf states, Switzerland, the UK and US. He described activities ranging from fund management and project finance to trading potatoes. He declined to give figures for revenues, profits or assets, though he did not dispute estimates which put the family's wealth at above £1bn ($1.54bn). Mr Hinduja puts down to political vindictiveness accusations against a family member in India's Bofors scandal, in which the Swedish arms maker was alleged to have paid bribes to secure a gun contract.




The Hindujas and Iveco are investing Rs15bn in the family's biggest investment in India, Ashok Leyland, the bus and truck maker

The family comes from Sind, the fertile coastal province in present-day Pakistan, which is an ancestral home for many Indian merchant families. The Hindujas are devout Hindus, vegetarians, teetotallers and non-smokers, who have made their fortunes primarily in the Moslem world.

Mr Srichand Hinduja's father moved from Sind to Bombay in 1914 and started trading textiles, dried fruits and other goods with Persia. The family later migrated to Tehran and stayed until just before the fall of the Shah in 1979.

In Iran, the family traded goods such as fertilisers, cement, oil, metals and textiles. They made contact with the Shah's family and profited greatly when the 1974 oil shock pushed up oil prices and launched the Shah on a huge import buying spree.

The Hindujas invested in electricity transmission towers, property and investment banking. They made money from films - buying the Iranian rights to Indian films and dubbing them in Farsi. This venture was so successful that they later named one of their trading companies Sangam after a top-selling romantic drama.

After leaving Iran, Mr Srichand Hinduja and his three brothers - Gopichand, Prakash and Ashok - spread across the world to build a global trading network and to diversify their political connections. Mr Srichand Hinduja, now 58, moved to London, where he oversees the group from his main office in New Zealand House, in Haymarket. Mr Gopichand Hinduja, aged 53, also lives in London and is responsible for project finance and trade, including the group's continuing business with Iran, which survived the family's departure from Tehran.

The third brother, 48-year-old Mr Prakash Hinduja, lives in Geneva, home of the group's financial services business. The fourth, 43-year-old Mr Ashok Hinduja, lives in Bombay, where he runs the group's fast-growing Indian operations.

Of the group's 16,000 staff, some 2,000 work outside India. The main trading companies are Sangam in London, Alcari in Switzerland and France, HBI in the US, and Beromat in Germany.

The group's most visible operation is Gulf Oil Trading, an oil trader and manufacturer of lubricants, which the Hindujas bought in 1984 from Chevron of the US. In 1990, the lubricants business was transferred into a joint venture with OMV, the state-owned Austrian oil company. The Hindujas retained full ownership of the trading operations.

Financial services are organised in Amas, a Swiss-registered company, which manages funds, says Mr Hinduja, "for high net-worth clients mostly from the oriental world". Amas has joint ventures with Credit Anstalt of Austria, Credit Lyonnais, the French bank, and a fund management subsidiary of Jardine Matheson, the British-owned trading company. It also has a co-operation agreement with Morgan Stanley, the New York investment bank.

In India, the Hindujas' biggest single investment is a controlling stake in Ashok Leyland, a leading bus and truck maker, which the family bought in partnership with Iveco, a Fiat subsidiary, in 1987 for about £30m. The partners are now investing about Rs15bn ($476.2m) in modernisation. Hinduja companies are also involved in a Rs30bn scheme to build a thermal power station in central India; plans for a Rs33bn oil refinery; and a joint bid with Cable & Wireless, the UK telecommunications company, for cellular telephone services.

But these last three projects have still to materialise. Mr Srichand Hinduja says the group has delayed its investments in India because it disliked operating in the heavily-regulated economy which preceded recent liberalisation.

Mr Hinduja welcomes the widespread economic reforms started by the late Rajiv Gandhi and prime minister P.V. Narasimha Rao. He says he is "very optimistic" about India's economic future. The country has manufacturers of "world-class standard" and 150m-200m people capable of buying "world-class goods". Mr Hinduja is not put off by the inter-religious unrest which followed the destruction of the Ayodhya mosque. Similar conflicts exist elsewhere, he says. In India such tensions tend to cool down.

The cloud of the long-running Bofors scandal still hangs over the Hinduja family in India, as it does over others in business and politics. The affair broke in 1987 when allegations emerged that the Bofors company had paid bribes to secure a SKr8.4bn ($1.13bn) howitzer order. Suspicions were raised that the beneficiaries might have included Mr Rajiv Gandhi.

India's Central Bureau of Investigation, which is probing the affair, has not found any evidence implicating the late prime minister. But, in a prosecution report filed in 1990, the CBI named 14 people and companies in a case of alleged corruption. Among the accused is Mr Gopichand Hinduja. In pursuit of its case, the CBI is requesting details of bank accounts from the Swiss authorities. Mr Srichand Hinduja's name appears in a court list of people seeking to block the release of the Swiss documents to India. The Federal Court, Switzerland's top court, is due to decide the matter later this year.

Mr Srichand Hinduja says the family "had nothing to do with the sale of the Bofors guns", and that the allegations stem from the "vindictiveness" of his political enemies. He insists that neither in India, nor in Iran nor anywhere else has the family dealt in arms.

The Hindujas feel accusations of involvement in nefarious deals stem from ignorance of their trading skills. "The secret is that we have diversified in-house strengths," says Mr Srichand Hinduja. Overheads are kept low. The group does not borrow. Transactions are kept secret until they are complete for reasons of competition but, once finished, the information becomes known in the trading community. "We operate in many fields and can match our knowledge of transactions with our knowledge of countries," he says.

# Spanish prices soar on devaluation move

By Jane Fuller in London and Patrick Harverson in New York

NEWS that the peseta would be devalued sent the Spanish government bond market rocketing up yesterday in anticipation of interest rate cuts.

The actual devaluation figures – 8 per cent for the peseta and 6.5 per cent for the Portuguese escudo – came out after the European markets closed.

Spanish bonds gained two points or more, with the shorter end feeling the most benefit. Demand came partly from new investors and there was some switching out of German bunds.

## GOVERNMENT BONDS

Although the devaluation was in the range of forecasts, the fact that it was significantly ahead of the lower estimates of 6 per cent added to the feeling that there would be further gains today.

At the longer end of the market, political uncertainty ahead of the general election on June 6 was cited as one factor limiting the upside. Another reason for more caution in that area is the rise in inflation – disappointing figures announced yesterday were not quite drowned out by the peseta furore.

While Portuguese government bonds also registered gains, the relative illiquidity of the market deterred some investors.

■ The French government bond market was a little surprised at the swiftness of the Bank of France's latest ¼ point cuts in key interest rates but the response was muted by continued nervousness ahead of the Danish referendum.

In Germany, two factors dampened the government bond market after yesterday's rally induced by the repo rate cut. One was the switching into Spain, the other was some head shaking by Bundesbank leaders over the prospect of accelerating interest rate cuts

Mr Helmut Schlesinger, central bank president, stressed the need the maintain D-Mark stability. Hesaid "a sledgehammer interest rate policy" was inappropriate andearly gains in bunds were lost.

■ The day ended weakly for the UK market, which today expects the Bank of England to make an announcement about the next gilt auction.

The 10-15 year area is forecast to be the target and roughly £3bn is anticipated to keep up the relentless funding programme. The recent faltering of the pound was seen as limiting overseas interest.

■ Reports of the death of Japan's benchmark government bond, the No 145 due 2002, seemed to have been exaggerated, judging by yesterday's recovery. It had been losing out to the cheaper No 153, regarded as the next benchmark, but one or two big institutions decided the sell-off had gone too far.

The revival of interest in the No 145 brought its yield back below 4.5 per cent. It opened at 4.55 per cent and closed at 4.485 in Tokyo. However, in overseas trading its fortunes waned again as it followed US Treasuriesdownwards.

■ More bad news on inflation sent longer-dated US Treasury securities into a tailspin.

By midday the benchmark 30-year government bond was down 1 1/32 at 102 5/32, yielding 6.939 per cent. At the short end of the market, the two-year note was down 1/32 at 99 31/32, to yield 3.874 per cent.

The news that sparked the sell-off at the long end of the market was a bigger-than-expected 0.4 per cent jump in the April consumer prices index. Taken with Wednesday's news of a similarly unexpected rise in the producer prices index, it reignited investors' fears of inflation. The "core" measure of consumer price inflation, which excludes volatile food and energy prices, was up 0.4 per cent.Adding to market woes was news of strong April retail sales, up 1.2 per cent.

### FT FIXED INTEREST INDICES

| | May 13 | May 12 | May 11 | May 10 | May 7 | Year ago | High * | Low * |
|---|---|---|---|---|---|---|---|---|
| GovtSecs (UK) | 94.85 | 94.92 | 94.84 | 94.86 | 94.79 | 88.94 | 98.04 | 93.28 |
| Fixed Interest | 110.99 | 110.96 | 111.02 | 110.95 | 110.91 | 104.13 | 113.83 | 108.67 |

Basis 100: Government Securities 15/10/26; Fixed Interest 1928
* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation, 113.83 (8/3/93), low 50.53 (3/1/75)

### GILT EDGED ACTIVITY

| Indices* | May 12 | May 11 | May 10 | May 7 | May 6 |
|---|---|---|---|---|---|
| Gilt Edged Bargains | [illegible] | 110.7 | 97.3 | 111.6 | 79.1 |
| 5-Day average | [illegible] | 102.4 | 102.4 | [illegible] | [illegible] |

* SE activity indices rebased 1974

### BENCHMARK GOVERNMENT BONDS

| | | Coupon | Red Date | Price | Change | Yield | Week ago | Month ago |
|---|---|---|---|---|---|---|---|---|
| AUSTRALIA | | 9.500 | 08/03 | 114.4023 | -0.003 | 7.46 | 7.49 | 7.44 |
| BELGIUM | | 9.000 | 03/03 | 110.7500 | +0.050 | 7.42 | [illegible] | 7.35 |
| CANADA * | | 7.250 | 06/03 | 97.3000 | -0.250 | [illegible] | 7.43 | 7.39 |
| DENMARK | | 8.000 | 05/03 | 103.0750 | +0.075 | 7.56 | 7.84 | 7.83 |
| FRANCE | BTAN | 8.000 | 05/98 | 105.7430 | +0.190 | 6.60 | 6.73 | 6.82 |
| | OAT | 8.500 | 04/03 | 108.5200 | +0.140 | 7.13 | 7.20 | 7.10 |
| GERMANY | | [illegible] | 04/03 | 100.1650 | -0.070 | 6.72 | 6.80 | 6.54 |
| ITALY | | 11.500 | 03/03 | 96.3800 | +0.175 | 12.50† | 12.74 | 13.17 |
| JAPAN | No 119 | [illegible] | 06/99 | 102.0238 | +0.073 | 4.38 | 4.28 | 4.26 |
| | No 145 | 5.500 | 03/02 | 106.2845 | +0.233 | 4.51 | 4.32 | 4.24 |
| NETHERLANDS | | 7.000 | 02/03 | 102.9800 | -0.040 | 6.57 | 6.70 | 6.51 |
| SPAIN | | 10.300 | 06/02 | 94.2538 | +1.880 | 11.33 | [illegible] | 11.74 |
| UK GILTS | | 7.250 | 03/98 | [illegible] | +2/32 | 7.08 | [illegible] | 6.67 |
| | | 8.000 | 06/03 | 99-20 | +3/32 | 8.05 | 8.10 | [illegible] |
| | | 9.000 | 10/08 | [illegible] | - | 8.47 | 8.50 | 8.06 |
| US TREASURY * | | 6.250 | 02/03 | 101-00 | -9/32 | 6.11 | 5.88 | 6.08 |
| | | [illegible] | 02/23 | [illegible] | -28/32 | 6.93 | 6.80 | 6.76 |
| ECU (French Govt) | | 8.000 | 04/03 | 103.0000 | -0.500 | [illegible] | 7.65 | [illegible] |

London closing. *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

# Nokia to place preference shares abroad

By Christopher Brown-Humes in Stockholm

NOKIA, the Finnish electronics group, is planning to raise $100m in new capital through a placement of preference shares with international investors.

The group said the funds would be used to strengthen its balance sheet and help it finance the rapid growth of its telecommunications and cellular phone businesses.

This is the first international issue to be made by a leading Finnish company for several years and reflects a growing sense of confidence among the country's main exporters following the sharp depreciation of the markka.

The issue is being made amid strong interest in Nokia's preferred shares, which have risen from FM82 to FM152 this year. It also comes as the group's core telecommunications and mobile phones businesses are performing strongly.

Last year telecommunications increased sales by 73 per cent to FM3.21bn and mobile phones by 45 per cent to FM3.64bn as the group cut pretax losses to FM158m from FM324m.

Mr Olli-Pekka Kalasvuo, Nokia's chief financial officer, said a new issue, priced in line with Nokia's current share price, would lead to a 6-7 per cent dilution.

Shareholder approval for the issue will be sought at an extraordinary general meeting on June 10. Credit Suisse First Boston and Enskilda Securities are acting as advisers.

Around 20 per cent of Nokia's shares are in international hands, following the relaxation of restrictions on foreign share ownership at the start of this year.

# Sweden launches aggressively-priced $1.5bn FRN

By Sara Webb and Tracy Corrigan in London

THE KINGDOM of Sweden provided the talking point of the Eurobond market yesterday with the launch of an aggressively-priced $1.5bn floating-rate note.

Dealers were quick to point out that the market is badly in need of a liquid FRN issue, adding that Sweden's deal helps to create a new benchmark note in the five-year area. "The concept is right – there is a technical shortage of liquid sovereign paper," said one syndicate head.

## INTERNATIONAL BONDS

However, the deal's pricing – at 99.70 to give a yield of 6.4 basis points over Libor – was seen as being very tight. Participating banks admitted that the deal was going slowly, and one banker estimated that no more than a third of the bonds had been placed. "The pricing is tight, but not outrageous – it is going to be a slow slog but it will get done," was one US banker's verdict.

Another syndicate head said he had hoped to see a yield of at least 10 basis points over Libor, which he felt would have helped the deal to go more quickly. However, UBS, the joint lead manager, justified the pricing by citing other sovereign FRNs, many of which are trading through (rather than over) Libor. Belgium (AA1) has two FRNs trading at 3–4 basis points below Libor, but Ireland (AA3/AA–) has an FRN trading at 8 basis points over Libor. Sweden itself has a credit rating of AA2/AA+.

The lead managers expect traditional FRN investors – such as central banks, money market funds and bond funds – to buy the issue, which is due to break syndicate today.

Land Securities launched a £150m convertible bond due 2008 on the back of strong resultsbut dealers said firm demand from continental European investors was inspired as much by the 7 per cent coupon as the deal's equity component.

The conversion price was set at 640p, a premium of 15.94 per cent, about the same level as for other recent sterling convertible issues. Strong demand from continental Europe has allowed UK companies to set higher premiums on recent convertible offerings than would be acceptable solely with a UK investor base.

"European investors came back into the market because they are bullish on sterling, now it is out of the ERM and they like the high coupon with an equity kicker," said one trader.

The deal, arranged by J. Henry Schroder Wagg, was quoted at 100⅝, above its reoffer price of 100. It is callable after five years.

Elsewhere, the Eurobond market saw activity in a range of currencies. Australian Broadcasting Corporation made its debut with an A$100m, five-year issue. The borrower is state-owned and has a triple-A rating.

The bonds were priced to yield 10 basis points over the relevant government bond at full fees. It was offered at 7 basis points above, and traded at 5 basis points over by late afternoon. Hambros Bank, the lead manager, said the bonds were bought by "a good spread of investors" in Germany and Benelux.

In the dollar sector, General Electric Capital Corporation launched a $200m three-year deal via Merrill Lynch aimed mainly at European retail investors.

### NEW INTERNATIONAL BOND ISSUES

| Borrower | Amount m. | Coupon % | Price | Maturity | Fees % | Spread bp | Book runner |
|---|---|---|---|---|---|---|---|
| **US DOLLARS** | | | | | | | |
| Kingdom of Sweden‡(a) | 1.5bn | (a) | 99.70R | Jun.1998 | 0.15R | - | Merrill Lynch Intl./UBS |
| Gen. Electric Cap. Corp. | 200 | 4.375 | 99.733R | Jun.1996 | 0.1875R | +18(4¼%-96) | Merrill Lynch Intl. |
| Shearson Lehman Brothers‡(b) | 150 | (b) | 99.875 | Jun.2003 | 0.50R | - | Lehman Brothers |
| Deutsch-Suedamerikanische# | 50 | 6 | 99.75R | Dec.1996 | 1.00R | +408½(c) | Dresdner Bk. |
| **YEN** | | | | | | | |
| Canon Inc. | 20bn | 4.55 | 100.195 | Aug.1997 | 0.30R | +63½(4.7%-99) | Fuji Intl. Fin. |
| **D-MARKS** | | | | | | | |
| The Euro. Coal & Steel Corp. | 135 | 6.125 | 101.07 | Jun.1998 | 1.025 | - | Trinkaus & Burkhardt |
| **FRENCH FRANCS** | | | | | | | |
| Ile de France | 800 | 7.25 | 99.846R | Jun.2001 | 0.325R | +31½(9½%-01) | BNP |
| **STERLING** | | | | | | | |
| Land Securities§#(d) | 150 | 7 | 100R | Sep.2008 | 2.50R | - | J.Henry Schroder Wagg(d) |
| **SWISS FRANCS** | | | | | | | |
| Asfinag* | 300 | 4.5 | 101.5 | Jun.1998 | - | - | UBS |
| **CANADIAN DOLLARS** | | | | | | | |
| Swedish Export Credit | 100 | 7 | 99.05R | Dec.1996 | 0.25R | -50.2(6½%-96) | Hambros Bank |
| **AUSTRALIAN DOLLARS** | | | | | | | |
| Australian Broadcast. Corp | 100 | 6.75 | 101.275 | 1998 | 2.00 | +10.5(c) | Hambros Bank |

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. *Private placement. §Convertible. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Coupon pays flat 3 month Libor. Callable after 3 years. b) Coupon pays 6 month Libor flat; Minimum 5¾%, Maximum 9¼%. c) Spread is over the interpolated yield curve.d) Increased from £140m. Conv. period 9/6/93-23/8/08 at £6.4/share. Callable from 11/10/98 at par. Short first coupon. Joint lead with Cazenove & Co / S.G Warburg.

# Moody's downgrades two Skandia offshoots

By Christopher Brown-Humes

MOODY'S Investors Service yesterday downgraded the short-term ratings of two units of Skandia, the Swedish insurer, due to concerns about the group's asset quality and financial flexibility.

The agency lowered its ratings on the Eurocommercial paper programmes of Skandia Capital AB and Skandia International Capital Corp to Prime-3 from Prime-2, affecting programme totals of $600m and $200m respectively.

Moody's said "substantial leverage" was needed to support Skandia's finance operations and investments in subsidiaries and real estate, but warned that its ability to generate capital through retained earnings would remain under pressure "given the likelihood of additional deterioration in the value of its real estate holdings in Stockholm, London and Madrid".

However, it was positive about the group's proposed restructuring and said its position should have been improved by rising Swedish share prices.

● Nikki Tait in New York adds: Centre Reinsurance Companies, which is majority-owned by Zurich Insurance Group, is to take over the "finite" reinsurance business of Skandia America Reinsurance Corp, part of the Skandia group.

Under the agreement, New York-based Centre Re will reinsure the portfolio and take financial responsibility for the business. The Swedish-owned company said this would allow it to focus on traditional property-casualty insurance.

SARC has assets of more than $1.4bn and a surplus in excess of $293m. Centre Re, which also counts Kemper Securities and Northwestern Mutual Life Company among its shareholders, had assets of $49bn at end-1991 and a surplus of $4.9bn.

## MARKET STATISTICS

### FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:05 pm on May 13

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| ABN 9 1/8 94 | 200 | 105⅝ | 106⅛ | | 4.05 |
| ALBERTA PROVINCE 9 3/8 95 | 600 | 110¾ | 111¼ | -⅛ | 4.62 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| OTHER STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| ARBED 7 1/2 95 LFr | 600 | 98¾ | 99¾ | | 8.13 |
| ECSC 7 3/4 94 LFr | 1000 | 100 | 101 | | 7.72 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 12 | 35 | 28 |
| Other Fixed Interest | 0 | 6 | 9 |
| Commercial, Industrial | 319 | 262 | 818 |
| Financial & Property | 227 | 65 | 506 |
| Oil & Gas | 26 | 20 | 38 |
| Plantations | 1 | 0 | 7 |
| Mines | 76 | 7 | 56 |
| Others | 56 | 23 | 44 |
| Totals | 717 | 421 | 1,506 |

### LONDON RECENT ISSUES

#### EQUITIES

| Issue Price | Amount Paid up | Latest Renunc. Date | 1993 High | 1993 Low | Stock | Closing Price | +or- | Net Div. | Times Cov'd | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

#### FIXED INTEREST STOCKS

| Issue Price | Amount Paid up | Latest Renunc. Date | 1993 High | 1993 Low | Stock | Closing Price | +or- |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

#### RIGHTS OFFERS

| Issue Price | Amount Paid up | Latest Renunc. Date | 1993 High | 1993 Low | Stock | Closing Price | +or- |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 63 | Nil | 13/5 | 27pm | 12pm | Avesco | 25pm | |
| 340 | Nil | 14/5 | 26pm | 20pm | BS | 21pm | |
| 92 | Nil | 7/6 | 54pm | 28pm | Headlam | 45pm | -5 |
| 185 | Nil | 7/6 | 24pm | 11pm | Hewden | 18pm | -½ |
| 290 | Nil | 10/6 | 69pm | 41pm | Meyer Intl. | 69pm | +3 |
| 60 | Nil | 11/6 | 4pm | 3pm | Newmark (Louis) | 4pm | |
| 22 | Nil | 24/5 | 8pm | 7pm | [illegible] | 8pm | |
| 5 | Nil | 17/5 | 1¼pm | ¼pm | Sycamore | ¼pm | |
| 47 | Nil | 16/6 | 8pm | 6pm | UK Safety | 8pm | |
| 171 | Nil | 30/6 | 13pm | 10pm | United Drug | 13pm | |

b Figures based on prospectus estimates. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other offical estimates. W Pro Forma figures. ¢ Issued by way of rights. † Introduction. § Placing price. ✢ Unlisted securities market. pm Price at a premium.

### TRADITIONAL OPTIONS

- First Dealings Apr. 26
- Last Dealings May 14
- Last Declarations Jul. 29
- For settlement Aug. 9

*3-month call rate indications are shown in Saturday editions.*

Calls in Blacks Leis., Bridon, Caldwell Invs., Cannon St. Invs., Cluff Res., Forward Tech., Greenwich Res., Hanson warrants, McCarthy & Stone, Microvitec, Norex, Premier Cons., Ratners, St. James's Place Cap. and Yorks.-Tyne Tees TV. *Puts in Amstrad and Cannon* St. Invs. Doubles in Cannon St. Invs., Hartstone, Natl. Home Loans Cnv. Pref., Tomkins and Yorks.-Tyne Tees TV.

### FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices and the FT-SE Actuaries Industry Baskets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1993. All rights reserved.

The FT-Actuaries All-Share Index is calculated by The Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries. © The Financial Times Limited 1993. All rights reserved.

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices, the FT-SE Actuaries Industry Baskets and the FT-Actuaries All-Share Index are members of the FT-SE Actuaries Share Indices series which are calculated in accordance with a standard set of ground rules established by The Financial Times Limited and London Stock Exchange in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

"FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited.

### LIFFE EQUITY OPTIONS

| Option | | Calls Jul | Calls Oct | Calls Jan | Puts Jul | Puts Oct | Puts Jan |
|---|---|---|---|---|---|---|---|
| Allied-Lyons | 550 | 28 | 40 | 50 | 26 | 33 | 43 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| Option | | Calls May | Calls Aug | Calls Nov | Puts May | Puts Aug | Puts Nov |
|---|---|---|---|---|---|---|---|
| Brit Aero | 300 | 19 | 41 | 54 | 3 | 23 | 36 |
| (*316) | 330 | 3 | 27 | 40 | 20 | 40 | 52 |
| BAA | 750 | 11 | 30 | 47 | 8 | 33 | 40½ |
| (*750) | 800 | 1 | 13 | 25 | 50 | 66 | 71 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

May 13 Total Contracts 35,039
Calls 22,675 Puts 12,364
FT-SE Index Calls 3,761 Puts 4,823
Euro FT-SE Calls 1,972 Puts 1,125
*Underlying security price. † Long dated expiry months. Premiums shown are based on closing offer prices.

### FT-ACTUARIES FIXED INTEREST INDICES

#### PRICE INDICES

| | | Thu May 13 | Day's change % | Wed May 12 | Accrued interest | xd adj. 1993 to date |
|---|---|---|---|---|---|---|
| | **British Government** | | | | | |
| 1 | Up to 5 years (23) | 127.53 | +0.01 | 127.52 | 1.97 | [illegible] |
| 2 | 5-15 years (24) | 145.98 | -0.07 | [illegible] | 1.92 | 5.22 |
| 3 | Over 15 years (9) | 156.14 | -0.28 | 156.58 | 2.42 | 3.48 |
| 4 | Irredeemables (6) | 174.91 | | 174.92 | 0.49 | 6.12 |
| 5 | All stocks (62) | [illegible] | -0.08 | [illegible] | 2.03 | 4.56 |
| | **Index-Linked** | | | | | |
| 6 | Up to 5 years (3) | 183.05 | +0.03 | 183.00 | 0.48 | 1.92 |
| 7 | Over 5 years (11) | 171.59 | +0.03 | 171.54 | 0.93 | 1.72 |
| 8 | All stocks (14) | 172.01 | +0.03 | 171.96 | 0.86 | 1.75 |
| 9 | Debs & Loans (66) | 126.90 | -0.01 | 126.92 | 2.26 | 4.07 |

#### AVERAGE GROSS REDEMPTION YIELDS

| | | | Thu May 13 | Wed May 12 | Year ago (approx.) |
|---|---|---|---|---|---|
| | **British Government** | | | | |
| 1 | Low | 5 years | 7.09 | 7.07 | 8.21 |
| 2 | Coupons | 15 years | 8.06 | 8.02 | 8.98 |
| 3 | (0%-7¾%) | 20 years | 8.29 | 8.26 | 9.98 |
| 4 | Medium | 5 years | 7.37 | 7.37 | 9.19 |
| 5 | Coupons | 15 years | 8.48 | 8.45 | [illegible] |
| 6 | (8%-10¾%) | 20 years | 8.59 | 8.55 | [illegible] |
| 7 | High | 5 years | 7.60 | 7.59 | 9.40 |
| 8 | Coupons | 15 years | 8.72 | 8.70 | 9.15 |
| 9 | (11%- ) | 20 years | 8.77 | 8.75 | 9.10 |
| 10 | Irredeemables(Flat Yield) | | 8.62 | 8.61 | 9.15 |
| | **Index-Linked** | | | | |
| 11 | Inflation rate 5% | Up to 5yrs. | 2.75 | 2.76 | 3.74 |
| 12 | Inflation rate 5% | Over 5 yrs. | 3.58 | 3.59 | 4.38 |
| 13 | Inflation rate 10% | Up to 5 yrs. | 1.95 | 1.95 | 3.08 |
| 14 | Inflation rate 10% | Over 5 yrs. | 3.42 | 3.42 | 4.21 |
| 15 | Debs & | 5 years | 9.00 | 9.05 | 10.54 |
| 16 | Loans | 15 years | 9.52 | 9.52 | 10.37 |
| 17 | | 25 years | 9.68 | 9.67 | 10.36 |

GPA GROUP: THE REFINANCING

# Transatlantic crossing to cement relationship

Gary Wendt (left) and Tony Ryan: first one-to-one meeting since the tentative deal was agreed

MR TONY RYAN may have ceded control of the company he founded in 1975 but it was his future boss, Mr Gary Wendt, chief executive of GE Capital, who was yesterday forced to travel the Atlantic for their first one-to-one meeting since their tentative deal was agreed.

While two of GPA's directors, Mr Patrick Blaney and Mr John Tierney, were addressing bondholders in New York, Mr Ryan was busy cementing his relationship with Mr Wendt at GPA's Shannon headquarters, in the Irish Republic.

The two men got to know each other when Mr Wendt joined GPA's board as a non-executive director after General Electric's financial services arm bought a 22.7 per cent stake in 1983. Mr Wendt subsequently left the board when GE Capital sold its stake in the middle eighties.

Over the past two months he has been in constant touch with Mr Ryan in New York.

But yesterday Mr Wendt paid him the compliment of visiting him at his headquarters to reassure the bulk of the staff that they will still have jobs if GPA becomes a separate subsidiary of GE Capital. He has told Mr Ryan he wants him to stay on as chairman for at least another two years.

However, Mr Wendt, as one of the group's lenders explained, "is no pushover". A number of key posts at GPA are likely to be filled by GE Capital, which owns Polaris Aircraft leasing, one of GPA's big competitors with more than 400 aircraft on lease.

Under the terms of the deal, tentatively agreed on Tuesday night and finalised by fax between New York, London and Dublin on Wednesday, GE Capital will purchase aircraft, worth \$1.35bn (£870m), and co-sponsor ALPS2 (securitization of aircraft leases) which could raise up to \$700m.

It is still to agree, however, on what price it should pay for its option to take 60 per cent of GPA's equity, rising to 80 per cent under certain conditions by March 1997.

No one in the negotiations, which could continue for several months, expects GE Capital to inject more than \$400m, and some believe the US company will try to get away with paying considerably less.

But as one of GPA's directors said: "GE is no christmas tree. You do not expect the world when you sign a deal at five minutes to midnight".

While Donaldson Lufkin & Jenrette were busy preparing the terms of a moratorium on payments to bondholders with proposals for a debt-for-equity swap, GPA had been warned by its lead bankers of the dire consequences of failing to sign a deal with GE Capital.

At a briefing session of its main lenders on Tuesday, GPA was told that a moratorium on bond payments would inevitably lead to examination, the Irish equivalent to administration.

The group still has to overcome some formidable hurdles before the deal can be finalised. It needs to raise \$100m from its core bankers, in the form of a bridging loan, and a further \$100m to \$150m from a few of its investors led by its biggest shareholder, the Mitsubishi Trust and Banking Corporation.

The new finance is required to honour the bond payments over the next two months, the first \$50m of which falls on May 17.

Mitsubishi, which owns 12 per cent of the shares, is expected to invest at least \$20m and the Irish government, through Shannon Development, is willing to invest up to \$20m (£13m).

While other shareholders have given indications of firm interest the banks will have to convert the indications into hard cash over the next few days.

**Roland Rudd**

The move fits the mould of GE Capital snapping up assets from distressed sellers

# Classic deal from a formidable competitor

BAILING out GPA Group is a classic deal for GE Capital.

It underscores why the financial services arm of General Electric of the US has become such a formidable competitor at home and is rapidly becoming one in international markets.

Its record of strong profits growth over the past decade and its powerful capital base have allowed it to snap up assets from distressed sellers at favourable prices during the waves of recession hitting subsectors of the US financial services industry.

The GPA deal fits this mould.

Provided several potential stumbling blocks can be surmounted, it will allow GE Capital to buy 43 aircraft from GPA for \$1.35bn (£870m) with an option to acquire between 60 and 80 per cent of GPA's equity over the next four years at an undisclosed price.

GE Capital stressed yesterday that the aircraft were all less than three years old, met modern Stage III noise standards and would only be acquired with leases in place.

While many crucial aspects of the deal remained under wraps, GE Capital's track record in striking hard bargains suggests that it will prove financially good for the company, as well as having important strategic benefits.

The US company is the main financial services arm of General Electric, which has interests ranging from aircraft engine manufacturing to the NBC television network.

GE Capital, together with two other GE financial services companies - Employers' Reinsurance and Kidder, Peabody, the brokerage house - form GE Capital Services with \$155bn of assets.

GE Capital on its own, which comprises 23 niche businesses such as ship container leasing and car purchase financing, has assets of \$93bn, making it one of the largest non-bank finance groups in the US.

Originally set up to provide credit to buyers of GE-made equipment, it grew rapidly in the 1980s into areas traditionally dominated by commercial banks, helped by a looser regulatory framework than the banks and the ability to piggy back on its parent's strong credit rating.

Some other industrial companies followed a similar route, but several of them, such as Westinghouse, were badly stung by financial services - particularly commercial property - and have now withdrawn from the field or sharply scaled down their operations.

GE Capital has prospered thanks to its strong management, focus on market niches, extremely efficient credit controls, and a cautious approach to the 1980s commercial property boom.

The diversity of its businesses has also helped smooth out problems in individual markets. Aircraft leasing, for example, accounts for less than 8 per cent of its assets, even after the GPA deal.

The agreement will, however, substantially increase the size of GE Capital's already big aircraft leasing operations, mainly run under its Polaris leasing company, with a fleet of nearly 500 aircraft.

Some 80 per cent of the existing fleet meets the stringent Stage III noise regulations and GE Capital says some 95 per cent of the fleet is currently being utilised.

If GE eventually acquired majority control of GPA it would create the largest aircraft leasing company in the world, well ahead of California-based ILFC, a subsidiary of the AIG insurance group.

As GPA's plight indicates, aircraft leasing has been an extremely tough business during the airline recession of the past two years - though GE Capital claims to have enjoyed "very positive, favourable results."

The US airline business, which accounts for most Polaris leases, is beginning to show signs of a cyclical upturn, and GE is banking on the global industry eventually following suit.

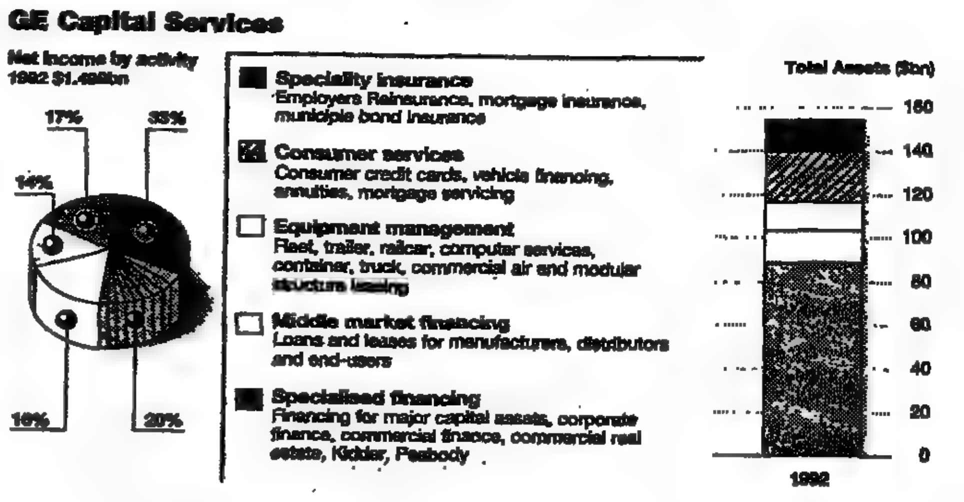
The GPA aircraft being acquired by GE Capital are leased to international, rather than US carriers, and will give a big boost to the US company's global presence.

Building up an international business is one of the group's most important strategic thrusts.

It entered Europe at the start of this decade by buying up the finance operations of UK stores chains Burton and House of Fraser and has followed this with a series of acquisitions in both continental countries and the UK, including the £71m current agreed bid for TIP Europe, the British-based trailer rental company.

It is also beginning to establish a presence in Asia, having agreed over the past year to make investments in various financial services operations in Hong Kong, Malaysia and Indonesia.

**Martin Dickson**




# Mixed reaction while uncertainties exist

THERE HAS been a mixed welcome in the Irish Republic to the planned takeover of GPA by GE Capital, as the uncertainties still surrounding it have raised questions about whether the "white knight" might end up getting a much better deal than existing shareholders.

Mr Ruari Quinn, the minister for enterprise and employment, welcomed the plan saying: "It removes the uncertainty that the entire market was facing and it does secure, it would appear at this stage, the future for GPA."

He added that the complexity of the deal "is going to require the skills of a lot of people in GPA to put in place".

The government's earlier offer to invest \$20m (£13m) in GPA through the Shannon Development Agency, was still on the table, Mr Quinn said, subject to its being made "on sound commercial grounds".

The government has two principal concerns.

Firstly it wishes to salvage its existing investment in GPA. Through Aer Lingus, the national airline, it has an 8.8 per cent holding, which prior to the aborted flotation in 1992 was valued in Aer Lingus's books at about I£100m (£98m).

Secondly, GPA through its joint ventures in Shannon Aerospace and Shannon Turbine Technologies in the Republic, has played a pivotal role in establishing an aviation-related industrial park, which is planned to create some 11,000 jobs over the next decade.

Brokers in Dublin, however, have been more circumspect. They say that the key uncertainty surrounding the deal is the undisclosed price at which GE plans to buy up to 80 per cent of GPA through new equity issues exercisable until March 1997.

Irish institutional shareholders were unwilling to comment yesterday. However, privately they were expressing concern that it would substantially dilute their existing shareholdings and that it was too early to take a more positive approach.

There are also worries that GE, by obtaining 45 of the most modern aircraft in GPA's fleet, had taken control of some of the company's best earning assets, but had not taken on any exposure to the company's liabilities in the short-term.

"The key question is when will GE exercise its options to take a stake in the company," said one broker.

Irish investors in GPA, including Mr Tony Ryan, the chairman, hold about 20 per cent of its shares.

Mr Ivan Yates, the opposition finance spokesman for the Fine Gael party said: "I am pleased that GPA has avoided examinership or receivership, but I see no reason whatsoever now for the state to be investing further in GPA and risking taxpayers' money."

**Tim Coone**

Cost savings based on replacing full-time with part-time jobs

# Burton at top of expectations

By Peggy Hollinger

BURTON GROUP, the clothing retailer, *announced first half profits at the top end* of expectations following a wide-ranging cost-cutting programme including 4,000 job cuts and an unexpected pension fund holiday.

*Pre-tax profits for the six months to* February 27 were £24.7m, against £21.8m. Sales were ahead 14 per cent from £934.6m to £1.07bn.

The pre-tax figure was taken after higher than expected redundancy costs of £11.9m. However, Mr John Hoerner, the former Debenhams chief and now Burton chief executive who has been credited with pulling the group from the brink of collapse, said he did not expect further charges in the second half.

The charges were partially offset by the absence of a £3.8m payment to the pension fund. The holiday was expected to contribute a further £3.8m in the second half of *the year*.

Mr Hoerner said Burton's best practice programme, which entails the reduction in the number of full-time jobs and an increase in part-time employees, was *expected to contribute cost savings of* between £25m and £30m next year. In 1993, Burton expected to make about half the savings.

The chairman said the first half had been focused on improving the group's competitiveness, while maintaining better control over discounting. This meant introducing lower initial prices through both better buying and a decline in margins.

The trading pattern showed that sales had been largely discount driven. As a result, gross margins fell by 2.3 percentage points.

The multiple retailing division, which includes Top Shop, Principles and Dorothy Perkins, showed a significant improvement with trading profits rising from £3.1m to £14.4m. Debenhams, the department store, increased its contribution by 36 per *cent to £40m*.

The proposed final dividend is maintained at 1p. Earnings fell from 1.9p to 1.4p. The shares advanced 4p on the day to 85p, a little below the high point for the year.

**● COMMENT**

The pension fund holiday comes as a handy damper to the unexpected costs of *paying for almost 4,000 redundancies*. The big question now will be to what extent Burton has managed to put a floor under its gross margin. Even Mr Hoerner is prepared to say the trading environment is, and looks likely to remain, severely competitive. On the other hand, optimists point to the high degree of operational gearing, the benefits yet to be reaped from the redundancy and store refurbishment programme. The prospects in the second half are for a reasonable profit, on a modest sales increase. Forecasts for this year are for £40m, on what appears to be a towering prospective p/e of 35 times. The potential looks better further out, when *the p/e falls to a more approachable 23 on* a conservative profits forecast of £70m.

# Plantation side behind 13% lift at Jas Finlay

JAMES FINLAY, the overseas trading and financial services group, lifted pre-tax profits by almost 13 per cent from a restated £8.95m to £10.1m in 1992, thanks in large part to the performance of the plantations side.

The division lifted operating profits from a restated £4.28m to £6.78m.

Turnover climbed to £165.2m (£143.7m).

Operating profits rose to £12.2m (£10.9m), after operating expenses of £29.1m (£26.3m) and a deficit on currency exchange of £967,000 (£144,000).

Associated undertakings *brought in* losses of £636,000 (profits £300,000); investment income and interest receivable accrued £1.32m (£1.19m); the flotation of 25 per cent of James Finlay & Co (Colombo) made £893,000; while interest payable grew to £3.67m (£3.43m).

The tax charge leapt to £5.22m (£4.07m), resulting in lower earnings *per share of* 4.7p (4.9p).

A second interim dividend of 2.15p keeps the total for the year unchanged at 4.15p.

Apart from plantations, the only division to lift operating profits was oil and gas – to £310,000 (losses £188,000).

Trading, manufacturing and merchanting was more than halved at £1.11m (£2.84m); confectionery and beverage manufacturing slipped to £4.21m (£4.54m); merchant banking and international confirming incurred losses of £436,000 (profits £729,000); and property eased to £327,000 (£369,000).

Head office costs of £2.12m (£1.7m) included a £750,000 provision for advances made by James Finlay Bank guaranteed by the parent.

By territory, Africa was the star, lifting profits to £9.24m (£5.18m); Asia grew to £1.31m (£344,000), but the UK fell to £4.61m (£5.68m).

North America tumbled to losses of £1.55m, against profits of £391,000 and Australasia doubled its losses from £706,000 to £1.44m.

# Mystery bidder gets in contact with HunterPrint

By Paul Taylor

HUNTERPRINT, the specialist printer, revealed yesterday that it has been contacted by an unidentified potential bidder for the group.

The share price has risen sharply this week prompting the board to issue a statement yesterday and bring forward the announcement of HunterPrint's interim results by a week.

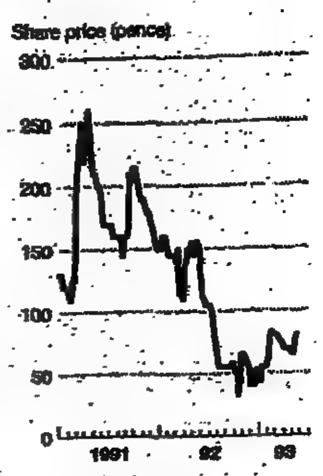
In the statement Mr Jeoff Samson, HunterPrint's chairman, said the company had been contacted by third parties, but that the contacts are at a preliminary stage and "may or may not lead to an offer being made for the company."

HunterPrint's share price had risen from 64p at the end of last week to 75p at the close on Wednesday.

It gained another 5p yesterday to close at 80p, valuing the group at £46.3m.

Mr Samson who, together with Mr Tony Caplin, chief executive, pushed through a refinancing package including a £20m *rights issue late last* year, said the board had been advised to make the statement following the share price increase.

**HunterPrint**




Source: FT Graphite

HunterPrint's interim results for the six months to March 31 showed a turnround in profitability following the restructuring. The group posted pretax profits of £330,000 compared to a £3.85m loss in the year-ago period.

Sales fell by 7.5 per cent to £26.6m (£28.8m) reflecting the *continuing difficult trading* conditions in the group's sector of the printing industry.

Nevertheless, a £2.3m loss on ordinary activities before interest was turned into a £909,000 profit in the latest six months and net interest charges fell to £579,000 from £1.54m reflecting the improved state of the balance sheet following the refinancing and rescue rights issue – HunterPrint's second in two years. The first involved Sir Ian MacGregor, who was ousted as chairman in August.

*Mr Samson said* the greater financial stability and strength had enabled the group to increase its customer base and generate additional orders from existing clients. Contract orders at the group's Corby printing site now account for 50 per cent of the workload compared with 39 per cent a year ago.

However, Mr Samson said the markets served by the Corby site – newspapers, publishing and direct mail – show no signs that 1993 will produce better prices. The spot market remains very competitive and margins on spot work continue to be under pressure.

Similarly the Hardy Business Forms subsidiary continued to experience difficult market conditions, but managed to return to "modest" profitability in the first half.

# NatWest to pull out of French branches

By John Gapper, Banking Correspondent

NATIONAL Westminster Bank is to withdraw from branch banking in France following several years of losses.

The decision cast further doubt on British banks' retail banking operations in continental Europe.

NatWest announced that it was negotiating the best way to withdraw from its branch banking subsidiary – possibly through disposals.

The business has 10 branches and issued share capital of FFr1.13bn (£136m).

Mr Derek Wanless, group chief executive, said the decision to concentrate on investment and private banking in France was part of an attempt to focus on businesses capable of having "a major profitable presence" in their markets.

Mr Wanless said the decision to withdraw was not based on poor trading results in France last year.

NatWest's French retail bank suffered a £36m loss in 1992, and £21m in 1991.

The French deficit comprised a large part of the total loss of £44m for NatWest's European business last year.

However, the bank reported a substantial increase in provisions for bad and doubtful debts in both France and Spain.

Mr Wanless said NatWest believed retail banking was "a national game" and there was "no such thing" as a pan-European retail banking business.

But the withdrawal had no specific implications for NatWest's Spanish operations.

The bank said the withdrawal would result in a provision against assets, but this would not have a material effect on group assets.

The withdrawal over the next 12 months, would include phased redundancy of its 400 staff.

Other British banks, including Abbey National and Barclays, reported poor results in France and Spain last year.

Barclays suffered a £98m loss in France, against a £3m profit in 1991, after being hit by poor property and corporate lending.

Barclays said it was still developing its French retail banking business based on L'Européene de Banque, which it bought in 1991.

It had opened 50 new offices this year, and intended to keep the operation.

# SE Banken wins UK insurance foothold with Interlife buy

By Christopher Brown-Humes in Stockholm

SKANDINAVISKA Enskilda Banken, Sweden's leading commercial bank, plans to take its first step into the UK insurance market through the purchase of Interlife Assurance, an Essex-based life insurance company.

The Swedish bank, which is carrying out the deal through its SE-Banken Försäkring insurance unit, wants access to the British company's licence so that it can offer Swedish customers international alternatives to domestic unit linked insurance schemes.

Interlife had 1992 premium income of £4.4m with funds under management totalling some £11.5m. The operation is *being sold by a group of European* insurance companies comprising Aachen Re of Germany, Trygg-Hansa SPP of Sweden and Interamerican of Greece.

SE-Banken said finalisation of the deal was subject to the settlement of a legal dispute *between Interlife and Lautro*, the regulatory authority.

SE-Banken Försäkring generated SKr600m (£53m) in premium volume from new sales in the first quarter of 1993; its assets total SKr3.6bn.

## Bluebird Toys shares jump on encouraging start to year

SHARES OF Bluebird Toys rose 25½p to 219p yesterday on news that the company had made an "excellent start" to the year.

Revealing this at the annual meeting, Mr Torquil Norman, chairman, told shareholders that Polly Pocket [miniature dolls] was continuing to perform well and Might Max had made an excellent start with strong initial sales in the UK and Europe.

As a result orders in the home market were "materially" up on last year and overseas orders were more than 50 per cent ahead.

For the year to end-December 1992 the company swung from losses of £3.55m to profits of £1.55m pre-tax from turnover of £46m (£42.6m).

## DIVIDENDS ANNOUNCED

| | | Current payment | Date of payment | Corres - ponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|---|
| Abtrust New Thai | fin | 1 | July 7 | 1 | 1 | 1 |
| Bank of Ireland | fin | 6.5 | July 9 | 5.87 | 9.83 | 9.17 |
| BT | fin | 9.45 | Sept 30 | 8.7 | 15.6 | 14.4 |
| Burton | int | 1† | July 30 | 1 | - | 2 |
| Danka | fin | 3 | Aug 16 | 2.5 | 4.5 | 3.75 |
| Euromoney | int | 10.5 | June 18 | 8 | - | 29.5 |
| Finlay (James) | fin | 2.15 | July 15 | 2.15 | 4.15 | 4.15 |
| GrandMet | int | 4.85 | Oct 4 | 4.6 | - | 12.3 |
| I&S UK Smaller | fin | 1.8 | July 1 | 2 | 2.8 | 2 |
| Land Securities | fin | 16.55 | July 12 | 15.75 | 22.85 | 21.75 |
| PWS | int | 1.5 | July 1 | 1.5 | - | 4 |
| Warner Howard | fin | 0.35 | July 5 | 3.975 | 6.5 | 5.9 |

Dividends shown pence per share net except where otherwise stated. †On increased capital.

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Chiltern Radio, Mining & Allied Supplies, Morgan Grenfell Inc Trust, Northern Industrial Improvement Trust, Overseas Inv Trust, Tadpole Technology.

Finals- Appleby Westward, British American Film, Sleepy Kids, Value & Income Trust.

FUTURE DATES

| | |
|---|---|
| Interims- | |
| Countryside Properties | May 26 |
| Elbridge Pope | Jun. 10 |
| National Home Loans | May 24 |
| Finals- | |
| Cape | [illegible] |
| East Midlands Electricity | Jun. 11 |
| Fleming Euro Fledgeling | May 25 |
| Johnson Matthey | [illegible] |
| National Power | May 27 |
| Pilkington | Jun. 9 |
| Ramco Oil Services | Jun. 17 |
| Readicut | May 25 |
| Rolls & Nolan | [illegible] |

# BT profits fall may be cloud with silver lining

By Andrew Adonis

Iain Vallance: a masterly cable defence strategy

Lydia van der Meer

DESPITE THE sharp profits fall, caused largely by the cost of its redundancy programme, British Telecom's results provided evidence of underlying strength. Together with a generous increase in dividend, it was enough to keep BT shares buoyant yesterday.

The main grounds for optimism are:

- Earnings. Excluding the cost redundancies and losses on four disposals, BT's earnings per share were slightly ahead of the corresponding figure for last year. In the fourth quarter they were up more than 11 per cent on that basis.
- Volumes. Volume growth in domestic calls was negligible, but there was 6 per cent growth in international calls despite increased competition from Mercury.
- Operating costs. BT has shed nearly a third of its staff in three years; 19 per cent went last year alone, reducing gross staff costs by 8.1 per cent. The current 170,000 is set to be cut by a further 30,000 in the next two years.
- Gearing. A large slice of retained profit was again spent reducing debt, with net debt down from £2.5bn to £1.76bn and gearing down to 14 per cent at March 31. As European and other markets open up, BT will have cash to spend.

In one respect the profits decline may be a cloud with a distinctly silver lining for the company. Together with a 2 to 3 per cent loss of market share over the year, it will keep at bay calls for a review of BT's prices by Oftel mid-way through the term of the existing agreement, which is due to run until 1998. As one analyst put it: "if allowing the competition to get more of a foothold reduces regulatory pressure, it could make BT more not less attractive to investors."

More surprising was the failure even of the news of a £750m hole in BT's pension fund to depress the City.

The nonchalance may have owed something to the fact that much of the deficit was due to factors likely to afflict most pension funds, so BT is not uniquely vulnerable. Filling the hole will consume about £1.3bn of next year's profits, but even that is likely to be partly offset by the imminent sale of its stake in McCaw, the US cellular telephone company, to American Telephone and Telegraph.

Nonetheless, analysts are not uniformly ecstatic. Liberalisation is a two-way process: if BT breaks into the US, AT&T will get into Britain, and is already challenging BT to cut wholesale call rates.

At home, cable companies are fast building local phone networks, some offering discounts on BT prices which will become more tempting still once the re-sale market expands and portable telephone numbers are allowed.

Mr Iain Vallance, BT chairman, insists BT has a masterly "cable defence strategy."

But he refused to describe it yesterday, and it appears to consist mainly of reminding deserters of the virtues of BT - in case they hadn't noticed them.

# How a hole follows a holiday

## BT's pension scheme is £750m in deficit. Norma Cohen explains

BRITISH Telecom announced yesterday that £750m had been wiped out of its pension scheme between January and the end of March, outlining at a single stroke the peculiar predicament of pension schemes all over the country.

What lies behind the gaping hole is much more than simply an overstaffed UK corporation trying to finance a swingeing redundancy programme. Instead, it is the effect of new UK tax changes and the sharp drop in dividend growth at UK companies which have left the BT scheme some 5 to 6 per cent short of the cash it needs to meet its liabilities on an ongoing basis.

Certainly, BT's decision to axe 29,000 workers last year has had some effect. Indeed, according to the pension scheme's accounts for the nine months from March to December 1992 show that the redundancy programme reduced a £913m surplus to £119m and noted that the company would have to end its own contributions holiday beginning with the 1993-94 fiscal year.

But following a second actuarial valuation just three months later, the scheme discovered the modest surplus had turned into a £750m deficit.

Mr Michael Hepher, managing director of BT, said that the government's decision to cut the proportion of Advance Corporation Tax that pension funds can reclaim from the Inland Revenue on dividends paid by UK companies had effectively sliced £500m off the value of its assets.

Moreover, the anticipated income from dividend growth in UK equities has simply not materialised over the past year.

Most actuaries have built an assumption of 5 per cent growth in UK dividends into their valuations of scheme assets. Pension fund assets reflect not market value but the anticipated income they will produce. Thus, lower dividend income or lower tax rebates will have a fearsome effect on valuations.

The assumption of annual dividend growth of 5 per cent is modest when seen against the double digit growth of the late 1980s or even the 8 per cent growth of 1991. But, according to Mr Andrew Collins, research actuary at William M Mercer, dividends actually decreased by 0.1 per cent in 1992 and, in the first quarter of this year, shrank an additional 1.8 per cent.

Actuaries now beginning scheme valuations are unlikely to change their assumptions of dividend growth for the future. They are required to take a long-term view and, over time, 5 per cent is considered a conservative reckoning. However, Mr Collins added that actuaries might drop one or two years' of assumed dividend income from their calculations of the value of assets.

"If you knock out one year's dividend growth with an annual 5 per cent growth assumption, you will knock 5 per cent off the value of your pool." For the approximate £7bn in UK equities in BT's scheme, such a calculation would reduce the value of assets by £350m in the future.

Retrospectively, the lower-than-expected dividend growth wiped nearly £500m off the value of the pension scheme assets, said Mr Hepher. That, with the ACT change, has left BT with a gaping chasm in its pension scheme – actuaries see little reason why other UK pension schemes should not be similarly affected.

"I do think that these ACT changes are quite significant," Mr Hepher said.

In his budget address in March, Chancellor Norman Lamont announced that from the current tax year, pension schemes and other tax-exempt investors would only be able to reclaim 20 per cent of the dividend paid, down from the previous 25 per cent. This had the effect of cutting the income on UK equities by 6.25 per cent.

BT's pension scheme is about 58 per cent invested in UK equities and the income cut is substantial. Moreover, actuaries must project the income cut some 20 to 25 years into the future, compounding its effect. Mr Andrew Wilson, research actuary at R Watsons, said that the Treasury may not have fully understood the compound effects its tax changes would have.

"If you assume that BT is 4 per cent of the UK pension fund market, it would account for about £24m of the £600m the tax change is expected to raise. But if you compound that over 20 years, that will cost BT £480m," he said.

Since the changes were announced, actuaries have been warning pension funds that the tax changes might well force companies to either increase their contributions to the pension scheme or make benefit cuts.

"The government may realise that there's more to their ACT changes than just a little bit of tax being raised," Mr Collins said.

# Cerus sells stake in L Joseph

By Richard Gourlay

CERUS, the French holding company controlled by Mr Carlo De Benedetti, the Italian industrialist, has sold its 29.5 per cent stake in Leopold Joseph, the London merchant bank.

Banque Dumenil-Leble, the Cerus-controlled financial institution which held the stake, is understood to have placed it at about 230p, compared with an unchanged closing price of 358p.

Hoare Govett took the shares in a bought deal and placed them with several institutions.

A 7.8 per cent stake went to Fleming Mercantile Investment Trust, and a similar holding to Gartmore.

Refuge Assurance remains the largest shareholder with 29.99 per cent.

Mr David Fletcher, joint chief executive, said Cerus had been a seller of the stake for some time.

Cerus has been restructuring its financial interests.

Last January it sold Banque Dumenil Leble (Suisse), its majority-owned Geneva-based fund management arm, to Banque Worms de Financement et d'Investissement.

## Additional Interest Statement
## The Walt Disney Company

**U.S. $400,000,000**

**Senior Participating Notes Due 1999**

☒ Quarterly Statement — Dated: May 14, 1993
for the period from January 1 to March 31, 1993 (the "Period")

☐ Semiannual Statement
for the period from February 28, 199_ to August 31, 199_ (the "Period")

☐ Annual Statement for the period from September 1, 199_ to August 31, 199_ (the "Period")

Pursuant to the terms of the above-referenced Notes, this Additional Interest Statement (the "Statement") is being furnished to Holders of such Notes of The Walt Disney Company (the "Company"). Capitalized terms used in this Statement have the meanings ascribed to them in the Notes and the Fiscal Agency Agreement, dated as of October 1, 1992, between the Company and Citibank, N.A., as Fiscal Agent, Principal Paying Agent, Transfer Agent and Registrar. The information contained in this Statement is given for both the Period covered by this Statement (indicated by the box checked above) and for the period from October 20, 1992, the date of issuance of the Notes (the "Issue Date"), through the end of the Period covered by this Statement.

This Statement is accompanied by a descriptive report discussing the activity and status of Eligible Films. Copies of such descriptive report can be obtained by Holders of the Notes upon request to the Fiscal Agent at the following address and telephone number: Citibank, N.A., 120 Wall Street, New York, New York 10043; Attention: Corporate Trust Department; telephone: (212) 412-6214. If this Statement is an Annual Statement, it is also accompanied by a supplemental audit report of the Company's independent public accountants. In this Statement, references to "$" are to United States dollars.

1. Names of Eligible Films included in the Portfolio:
   a. For the Period: THE CEMETERY CLUB
   b. From the Issue Date through end of Period: A MUPPET CHRISTMAS CAROL; THE CEMETERY CLUB
2. Names of short subjects to which any portion of Total Revenues has been allocated:
   a. For the Period: N/A
   b. From the Issue Date through end of Period: N/A
3. Names of the Eligible Films together with which the above short subjects were released:
   a. For the Period: N/A
   b. From the Issue Date through end of Period: N/A

| | For the Period: | From the Issue Date through end of Period: |
|---|---|---|
| 4. Aggregate Negative Costs of Eligible Films in the Portfolio* | $(–) | $31,157,475 |
| 5. The Portfolio Amount* | $(–) | $31,157,475 |
| 6. Aggregate Domestic Theatrical Rentals of Eligible Films in the Portfolio** | $4,702,000 | $14,647,000 |
| 7. Calculation of Contingent Interest: Total Revenues | $5,008,000 | $16,256,000 |
| Distribution Fees | ($876,400) | ($2,844,800) |
| Estimated Third Party Participation Payments*** | ($250,400) | ($812,800) |
| Residuals | (–) | (–) |
| Short Subject Revenues | (–) | (–) |
| Eligible Film Revenues | $3,881,200 | $12,598,400 |
| Base Amount | ($800,000,000) | ($800,000,000) |
| Eligible Film Revenues in Excess of Base Amount | $0 | $0 |
| | x50% | x50% |
| Contingent Interest | $0 | $0 |
| 8. Contingent Interest paid per $1,000 principal amount of Notes | $0 | $0 |
| 9. Supplemental Interest | $(–) | $(–) |
| 10. Supplemental Interest paid per $1,000 principal amount of Notes | $(–) | $(–) |
| 11. Provisional Interest | $(–) | $(–) |
| 12. Provisional Interest paid per $1,000 principal amount of Notes | $(–) | $(–) |

* Aggregate Negative Costs of Eligible Films in the Portfolio and the Portfolio Amount for the Period are not included as only one Eligible Film was released during the Period.

** Domestic Theatrical Rentals of Eligible Films in the Portfolio are adjusted on a pro rata basis in the same manner as Eligible Film Revenues are prorated pursuant to the Notes.

*** Actual Third Party Participation Payments are used with respect to the Final Interest Payment.

**The Walt Disney Company**

By /s/ Michael J. Montgomery
*Vice President — Treasurer*

COMPANY NEWS: UK

# Inntrepreneur needs further £130m injection

By Philip Rawstorne

GRAND METROPOLITAN and Courage will each have to inject another £65m into Inntrepreneur Estates, their pubs joint venture, in October to comply with banking covenants.

The two companies each paid £32m into IEL last year to meet the banks' requirements.

GrandMet also announced changes in its policy of converting IEL pubs to 20-year leases which has aroused opposition from tenants who claimed that the rent increases involved were forcing them out of business.

The failure rate of IEL's pubs has been running at about 9 per cent a year.

With 70 per cent of the 6,800 pubs on the new leases, the banks have agreed that IEL will not now be required to convert 90 per cent of the pubs to leases by March next year.

Mr David Tagg, chief executive of GrandMet's UK retailing division, said that the move would give "greater operational flexibility to respond to current trading conditions."

Mr Tagg indicated that hard-pressed tenants of about 10 per cent of IEL's pubs would now be offered three-year leases though the long-term target of converting all the estate to 20-year leases would remain.

GrandMet and Courage will share operating losses of £12m at Inntrepreneur for the six months to March.

Operating profits declined from £83m to £79m, because of pub disposals, and interest charges amounted to £92m.

Sir Allen Sheppard, GrandMet chairman and chief executive, however, repeated yesterday that the venture was trading in line with expectations.

A further revaluation of the estate is due in September.

Last year's revaluation showed a reduction of £234m in the value of the estate to £2.17bn; IEL's net assets have fallen from £582m to £320m over the past year.

Disatisfied Inntrepreneur lessees last year formed Nail, a national lobbying group, to press for changes in rents and terms with GrandMet and in the courts.

MPs took up the issue in March when the Commons agriculture commitee cross-examined IEL executives about the impact of leases on pub tennants and local communities.

# Life Sciences pays £33.5m for Finnish group

By Paul Taylor

LIFE SCIENCES International, the scientific instruments manufacturer, is expanding its international business by acquiring Labsystems, a Helsinki-based instruments group, for FM285m (£33.5m).

The purchase will be partly funded by the placing of 9.37m shares at 129p to raise about £12m after costs.

Sir Christopher Bland, chairman, said: "The acquisition of Labsystems is another step forward in our strategy of building an international scientific equipment business."

Labsystems, which employs 780 people, is a leading manufacturer of branded scientific equipment and consumable products for the clinical, research and industrial laboratory markets.

Its products and main geographic markets are seen as complementing those of Life Sciences. In particular it has a strong customer presence in Europe while Life Sciences' main customer strength is in North America.

Last year it reported trading profits of FM34.8m on sales of FM362.7m using average exchange rates. Pre-tax profits, after charging interest on borrowings, the bulk of which will not be assumed by Life Systems, totalled FM10.4m. Based on year-end exchange rates, which reflect a significant depreciation in the markka late last year, the company reported trading profits of FM39m and had net assets of FM250m.

Labsystems is quoted on the Finnish OTC market. Saastopankkien Keskus-Osake-Pankki, the parent company of a Finnish-based banking group, owns 97 per cent of the shares which carry 99 per cent of the voting rights.

Life Sciences will satisfy the total consideration by assuming FM64m of Labsystems' borrowings, making a cash payment of about FM119m and by way of the placing which is designed to raise the equivalent of FM102m and will be undertaken by Robert Fleming.

The cash consideration will be provided under a bank facility arrangement and following the acquisition Life Sciences' gearing is expected to be about 60 per cent.

In March the group reported a 12 per cent increase in pre-tax profits for 1992 to £20.6m. Directors said yesterday that 1993 had started satisfactorily with orders, sales and profits for the first quarter ahead of last year.

# Warner Howard up 9% on rentals growth

By Catherine Milton

WARNER HOWARD, the hot air hand dryer and commercial laundry equipment company, reported full-year pre-tax profits up 9 per cent to £6.34m, compared with £5.7m.

Turnover for the year to February 28 rose to £23.2m (£22.2m). Rentals, more popular in recessions, contributed about £12m.

Hand dryer rentals improved to £4.49m (£3.81m) and laundry equipment rentals climbed to £7.56m (£7.34m). Catering rentals fell to £409,000 (£470,000).

Sales of laundry equipment rose to £2.53m (£1.86m) bringing the division into break-even compared with losses last time, mainly because of a contract with a 1,200-bed hotel in St Petersburg, Russia.

Sales of hand dryers fared less well, falling to £1.73m (£1.82m). Profits declined about £100,000 because of extra marketing costs. Catering sales fell to £3.84m (£4.37m), because of "weakness in equipment sales" which hit Eurolectrics.

Service contracts improved to £2.5m (£2.46m).

The company made an extraordinary provision of £337,000 for liability on a lease assigned to a third party in 1980 which went into liquidation in 1991.

The company generated about £1.7m net cash, ending the year with a £400,000 positive balance, after two small rental contract acquisitions. Capital expenditure was £3.4m and depreciation was £2.4m. Interest payments fell to £9,000 (£135,000).

The board proposes a final dividend of 0.38p (3.975p). It paid a second interim of 4p on April 5 after an earlier 2.12p (1.925p), because of increased advance corporation tax. The total for the year is 6.5p (5.9p). Earnings were 18.74p (17.16p) per share.

# Lex set to sell Arrow stake

By Angus Foster

LEX SERVICE, the motor distribution and leasing company, plans to sell its remaining 17.5 per cent stake in Arrow Electronics of the US.

Lex has filed a registration statement with the SEC and the sale is expected shortly. At current market prices, the disposal will raise about £100m.

Lex took the stake in return for selling its North American electronics business to Arrow in 1991. Its original 36 per cent holding has fallen because of share sales and a share issue by Arrow.

Under the original agreement, Lex was required to sell its stake once Arrow's shares traded above $22 (£14.20) for more than 60 days. Although this requirement was triggered last August, the two sides agreed to defer the sale.

Lex's remaining 5.21m shares have a book value of £37m but at Wednesday's closing price of $32⅞ the stake is worth more than $170m. Lex said the profit on the sale, after tax, would be taken as an exceptional in this year's results.

Lex's shares, together with 500,000 shares being issued by Arrow, are being underwritten by Goldman Sachs, Morgan Stanley and Donaldson, Lufkin & Jenrette Securities.

# Simon Eng shares decline to 52½p

By Angus Foster

SHARES IN Simon Engineering yesterday continued their sharp decline, triggered by Wednesday's profit warning and worries about the company's financial strength.

The shares, which opened on Wednesday at 100p, yesterday fell from 73½p to 52½p in heavy trading.

The fall was prompted by the company's confirmation that an expected first-half loss this year will breach a banking covenant on levels of interest cover. The company said its bankers remain supportive and no other covenants were in danger.

The shares were further undermined by a profits downgrade from Smith New Court. The broker yesterday forecast Simon would incur a £6m loss this year, with no dividend, instead of a profit of £7.3m.

Simon, involved in access equipment and process engineering, has seen its shares fall from a peak last year of 301p. Following a sharp outflow of cash in the last 12 months, gearing has passed 100 per cent.

# Sharp net asset rise at Abtrust New Thai

A STRONG second half performance in net asset value, which rose by 94 per cent, enabled Abtrust New Thai Investment Trust to finish the year to February 28 with the figure 76.6 per cent higher at 133.02p, against 75.34p a year earlier.

Gross revenue was £514,000 (£522,000) the result of lower interest receivable.

Net revenue was £183,925 (£216,594) and earnings per share came to 1.23p (1.44p). An unchanged single final dividend of 1p is being recommended.

## Tilbury Douglas disposal

Tilbury Douglas has sold Douglas Concrete & Aggregates for a total of £14.7m to its managers led by Mr B Morgan, the offshoot's managing director. The shares rose 11p to 543p yesterday. Some £5.5m of the consideration was paid as a dividend, the remainder was paid in cash on completion. After Tilbury repaid certain inter-company balances the proceeds of the deal were reduced to about £11.1m.

NEWS DIGEST

## Shaftesbury back into the black

SHAFTESBURY, the property group, returned to profits in the six months to March 31 with £344,000 pre-tax, against £1.27m losses. Mr Peter Levy, chairman, said the improvement resulted from the completion of the disposal of the development portfolio.

The company also announced that the pre-tax loss for the year to September 30 had been restated to take account of a £616,000 increase in provisions against the cost of development properties, leaving the figure at £5.3m.

Net revenue from properties was £2.7m (£2.53m) plus surplus on disposals of £79,000 (£403,000 deficit) and other operating income of £272,000 (£46,000).

Losses were 1.2p (9.1p).

## United Drug rights to raise I£4.5m

United Drug, the Irish pharmaceutical and consumer products group, is to raise I£4.47m (£4.4m) net, by way of a 1-for-5 rights issue of 2.73m new ordinary shares at 173p each.

The proceeds will partly be used to provide additional working capital and reduce group borrowings.

## Relocation puts Chemex Intl in loss

The costs of moving premises put Chemex International, the chemical analysis company, back into loss in the first half to March 31.

After making its first annual profit of £52,000 in the 12 months to September 30 1992, the company reported an operating loss of £53,700 in the period under review, which it attributed mainly to the loss of business during the move.

Exceptional items totalling £43,000 increased the loss before tax from £64,900 in the previous first half to £94,200.

The exceptional items consisted of £16,600 in relocation costs together with the £26,400 cost of the capital reduction, which effectively halved the number of shares in issue.

Mr Brian Webbe, chairman, said that in the long term the relocation would reduce property costs by about £50,000 per year, increase usable space by 50 per cent and improve efficiency.

Sales rose 36 per cent to £610,600 (£450,300).

## I&S UK Smaller assets rise

Net asset value per share of I&S UK Smaller Companies Trust rose to 97.08p over the 12 months ended March 31, an improvement of 9 per cent on the 88.96p standing a year earlier.

Available revenue advanced from £422,000 to £752,000.

Earnings slipped from 4.03p to 3.59p – the figure being based on the 20.97m shares that were in issue throughout the year compared with a 1992 figure based on a weighted average of 10.48m shares.

A recommended final dividend of 1.8p makes a 2.8p (2p) total.

That is less than the 3.45p the directors sought to declare at the time of the merger between First Charlotte Assets Trust and Clydesdale Investment Trust.

## PWS static at £2.07m

PWS Holdings, the Lloyds's insurance and reinsurance broking group, reported static pre-tax profits of £2.07m for the six months to March 31, against £2.1m.

A 5 per cent increase in brokerage income was offset by reduced investment gross income of £9.27m (£9.2m) because of lower UK and US interest rates.

Earnings per share came out at 6.4p (6.8p) and the interim dividend is unchanged at 1.5p.

## Rank slightly ahead this year

Rank Organisation, the leisure and entertainments group, yesterday told a meeting of financial analysts that up to the middle of April trading results from continuing operations were marginally ahead of last year.

Trading conditions had not altered significantly since January, when the group announced lower pre-tax profits of £230.1m (£250.5m) for the year to October 31.

Results from UK businesses had been mixed. Trading in North America continued to improve, but other markets remained difficult.

Rank Xerox's and Fuji Xerox's first quarter results to January 31 were lower than last year as market conditions remained difficult in Europe and the Far East.

However, there had subsequently been some signs of improvement in Japan.

## Strong improvement at Sea Containers

Improved margins and special gains helped Sea Containers, the Bermuda-registered cargo equipment and ferry group, report a sharp improvement in the first quarter to March 31.

Net income was $7.5m (£4.87m) against a $3.7m loss previously, the equivalent of earnings per share of 34 cents (77 cents losses) on revenue of $81m ($78m).

# Shell pleases City with rise to £971m

By Deborah Hargreaves

ROYAL Dutch/Shell, the Anglo-Dutch oil group, took the City by surprise yesterday with first quarter profits significantly higher than forecast.

The company's shares rose 20½p to 612½p.

Net income for the opening quarter of 1993 on a current cost basis, which strips out the effects of holding oil stocks, rose 12 per cent to £971m.

The company registered gains in all of its divisions in spite of lower oil prices, declining refining margins in Europe and continued over-capacity in the chemicals sector.

"These results clearly show how well Shell's regional diversification is paying off," said Mr Nick Clayton, energy analyst at Hoare Govett, the UK stockbroker.

Shell is seeing most growth in its Latin American and Asian businesses where the company has targeted investment in the past 10 years.

Mr Clayton pointed out that Shell's assets in the Far East had grown from a value of $10bn (£6.4bn) in 1985 to $22bn last year as it had switched its emphasis away from the US. Shell has seen volumes continue to rise in the Far East while Europe has seen a downturn.

In the first quarter, sales volumes in Europe were down 6 per cent but in the Far East they rose by 5 per cent and were up 7 per cent in Latin America. Mr Clayton estimated that Shell earned a 12 per cent return on its investment in the Far East compared with 5 per cent in the US.

The company reported a rise in earnings from its exploration and production division to £584m (£465m) even though oil production slipped by 3 per cent to 2.16m barrels a day. The division benefited from a lower tax rate, the depreciation of sterling against the dollar and higher gas prices in the US.

Downstream earnings from Shell's refining and petrol sales operations rose by 18 per cent to £455m with oil product sales increasing by 3 per cent overall.

Chemicals lost £22m compared with profits of £20m in the same period last year, but showed an improvement from the fourth quarter when the loss reached £183m. The company's metals division which it is currently negotiating to sell to South Africa's Gencor lost £1m.

Shell's financial position remained strong during the quarter with the debt-to-equity ratio falling to just over 3 per cent. The company had a net cash inflow of about £1bn after cashflow from operations of £2.1bn and capital expenditure of £1.2bn.

# SB forges more links in US drugs promotion

By Paul Abrahams

THE INCREASING trend towards co-promotional ventures between pharmaceuticals groups continued yesterday when SmithKline Beecham, the Anglo-American group, and Janssen, the drugs subsidiary of Johnson & Johnson, agreed to co-promote two of their drugs.

Under the agreement, Janssen will co-promote Paxil, SB's selective serotonin re-uptake inhibitor anti-depressant in the US hospital market. In exchange, SB will co-promote Risperdal, a novel schizophrenia drug, in the US psychiatric market.

Paxil, launched in the US in January, is one SB's most important new products, and competes with Eli Lilly's Prozac, and Pfizer's Zoloft.

Prozac's sales have been hit by concerns about its safety, and even before the co-promotion deal SB's managers were convinced the group's salesforce was far more powerful than Pfizer's. The US market is worth about $1.5bn (£970m).

Risperdal was registered at the US Food and Drug Administration last year, and was recommended by an advisory panel in April this year.

The announcement is a blow for Merck, the US group. Last year, SB agreed to co-promote Zocor, Merck's cholesterol-lowering agent. It had been expected Merck would co-promote Paxil.

# Bank of Ireland jumps to I£124m

By Tim Coone in Dublin

BANK OF Ireland, one of the Republic's two main clearing banks, increased pre-tax profits by 76 per cent from I£70.3m to I£124m (£122m) in the year to March 31, due primarily to reduced losses in its UK and US divisions.

Mr Pat Molloy, group chief executive, said FNH, the New Hampshire subsidiary which has cost the group about $600m (£390m) in write-offs and cash injections since 1988 when it ventured into the US market, had now had its balance sheet "substantially cleaned up" and was producing an operating profit.

Loan loss provisions in the US were I£66m in 1992, resulting in a reduced pre-tax loss of I£45.4m (I£76.6m).

The Tier 1 capital adequacy ratio slipped from 7 per cent to 6.6 per cent.

The group's core business in Ireland has continued to perform well, despite reduced economic growth in 1992 and the currency crisis last autumn.

Pre-tax profits in the retail arm rose 2 per cent to I£135m.

The corporate finance and treasury division increased profits to I£65.1m (I£58.4m), despite a loan loss provision of I£32m. Mr Molloy said the treasury arm "benefited from the extraordinary volumes of business during the currency crisis."

The group suffered embarrassment last week, when its Davy Stockbrokers subsidiary – the largest broking firm in Ireland – slipped up on the placement by the government of 30m shares in Greencore.

The placement nearly had to be scrapped after Davy revealed that it had sold shares to groups with which it was closely connected. The placement was saved when the Bank of Ireland stepped in to buy 9.6m of the shares at a cost of I£26m.

Davy is under investigation by the Irish Stock Exchange for having provided "misleading information" during the placement.

Mr Molloy defended the move yesterday saying: "It was a correct and appropriate decision to stabilise the situation." He added, however, that the group was not carrying out its own investigation into Davy's handling of the placement and was not planning any management changes at the subsidiary pending the outcome of the investigation. "I am not going to prejudge their findings" he said.

Earnings per share jumped to 13.7p (4.5p). The final dividend of 6.5p makes an increased total of 9.83p (9.17p).

● COMMENT

The bank's first dividend increase for three years has been good news for shareholders who have suffered patiently as the management wrestled with its calamitous ill-timed decision to follow its arch-rival, Allied Irish Banks, into the US banking market in the late 1980s. The group's US loan book has been largely sorted out, the non-performing property portfolio mostly disposed of, and is now showing the first real prospects of showing some return for the $700m it has thrown at its US division since 1988. Brokers are now revising upwards their earnings forecasts for the current year to about 23p. Although the corner has been turned, institutions will not be eager for a rights issue this year to shore up the equity base, expecting that to be generated from improved cash-flow. Neither can the group afford further problems such as has been created by the Greencore share placement, and suggests that management reins could be tightened further in some operations.

# Hoare Govett smaller cos trust launch

By Philip Coggan, Personal Finance Editor

Hoare Govett is launching its second specialist smaller companies investment trust within six months. The new trust, like the first, will attempt to track the extended Hoare Govett Smaller Companies Index (excluding investment trusts).

The Second HGSC Investment Trust is aiming to raise between £25m and £50m. The trust will have just one class of share and investors will have the right to vote on the wind-up of the trust after 10 years.

Hoare Govett's first indexed investment trust raised £28.5m in December and has since traded at a premium to net asset value.

Small company shares have tended to outperform larger companies over the long term. However, they have only recently shown signs of recovery after four years of underperformance, prompted by high interest rates and recession.

The managers said that discussions with institutions indicated that they would prefer a new issue to a rights issue from the existing trust. The full prospectus is expected to be issued in the first week of June.

# BAT enhanced scrip gets 92% acceptance

By Andrew Bolger

THE ENHANCED scrip dividend offered by BAT Industries has been accepted by holders of 92 per cent of the tobacco and financial services conglomerate's ordinary shares.

The success of the offer means that BAT will retain about £308m in dividends and £89m in advance corporation tax due on the dividend.

BZW, which designed the scheme, received acceptance of its cash alternative of 32.2p per share from 14 per cent of the shareholders who elected to take the enhanced scrip.

A late offer of a higher cash alternative of 33.22p per share from Swiss Bank Corporation was accepted by 7 per cent of elections made under the enhanced scheme.

As previously announced, both groups of shareholders will receive SBC's higher cash offer. Cheques for shareholders who elected for cash will be sent out by BZW, which will pass through all the shares to SBC.

● RTZ Corporation, the mining group, said it would issue 29.5m new shares in connection with its enhanced scrip scheme, which was accepted by holders of 89 per cent of the group's shares.

The number of shares was determined by the value of the enhanced scrip dividend alternative at 20.25p per share, and reference price per share of 612.83p, based on the average share price between May 10 and 12. For each 1,000 shares the enhanced scrip alternative is worth £202.50, which will be rounded to 33 new shares.

# Equatorial Bank

Equatorial Bank Client's Group will be holding a meeting on May 16 at 4pm at the Brent Indian Association, Wembley, London.

The group was formed after Ernst & Young were appointed as administrators in March 1993. Since then, Mahraj Bank has indicated an interest in the bank.



# Zeneca and FT-SE indices

*The FT-SE Actuaries UK Indices Committee has released a statement clarifying how the demerger of ICI and Zeneca will affect constituents of the FT-SE Actuaries Share Indices. The text follows:*

Both ICI and Zeneca are expected to become constituents of the FT-SE 100 index when Zeneca becomes officially listed. The demerger would thus necessitate the removal of one constituent in order to retain 100 companies in the index.

Once the demerger comes into effect on June 1 1993, all constituents of the FT-SE 100 will be ranked by size and the smallest capitalised constituent at this time will be removed from the FT-SE 100. Based on current market valuations, both ICI and Zeneca would qualify to become constituents of the FT-SE 100 on implementation of the merger.

The company removed from the FT-SE 100 will become a constituent of the FT-SE Mid 250. The constituents of this index will be ranked by size and the smallest constituent will be moved to the FT-SE SmallCap.

The treatment of demergers is governed by Rule 7.2.3 of the Ground Rules for the Management of the FT-SE Actuaries Share Indices.

# ICI disposal

Imperial Chemical Industries is selling its dry ice business, which operates under the Drikold name, to Hydrogas, the Norsk Hydro subsidiary, for an undisclosed sum.

## JOBS: How top executive pay varies in Europe

# Pecking order changes

WHAT on earth is the world – or western Europe at any rate – coming to? In the good old days when the Jobs column first started printing international pay comparisons, one thing could be counted on. In any ranking of nations east of the Atlantic, Swiss executives would strut yodelling on the summit.

These days nothing can be found in its proper place any more, as witness the table to the right. Published as on previous occasions thanks to the Wyatt consultancy group, it shows Europe's top 12 executive-paying countries.

Taken alone, the fact that the Swiss have had the skids put under them wouldn't be upsetting. After all, they were knocked off the top the whole of two years ago. But now the nation that displaced them, the Spanish, have also been sent tumbling by the Germans. Indeed, the changes are such that I've subjected them to some extra-curricular reckoning. But before turning to that, I'll tell what the table does as it stands.

The figures in it, as distinct from the ranking itself, come from the surveys made by Wyatt's Data Services arm in Brussels. The latest study covers 1,569 companies of assorted sizes and types in 17 countries, and gives a wealth of data far beyond the few bits printed here. Any reader who wants the full report can obtain it, at a price, through Don McClune at Wyatt's London office: 21 Tothill St, London SW1H 9LL; telephone (0)71-222 8033, fax (0)71-222 9182.

My extracts relate only to three sorts of managers: chief executives together with directors in charge of finance and administration, and of personnel. The figures cover holders of those posts across all companies surveyed in each land, making no adjustment for size or kind of business, the other currencies have been converted into sterling at the London closing exchange rates of May 7.

In each category, the table gives basic salary, total money rewards including bonuses, and a rough gauge of buying power. The three columns headed "lower quartile" refer to the executive who'd be a quarter of the way up from the foot of a ranking of all in the same job and country, the "median" trio to the executive ranked mid-way, and the "upper quartile" set to the one a quarter way down from the top. Finally come the standard averages, each country's place in the table being determined by the chief executives' average buying power computed from Wyatt's indices of living-cost variances.

The trouble is that all such indices not only differ from one another, but are anyway no more than a loosely approximate guide. For instance, none that I know of includes housing costs in the "basket" of goods and services on which it is based.

So to give another slant on the issue, I've reworked the chiefs' average buying-power using a different set of indices compiled by P-E International. Here's the alternative ranking that results:

| *Country* | *(Wyatt index)* | *P-E index* | *B power P-E £* |
|---|---|---|---|
| Switzerland | (139.3) | 111.9 | 75,077 |
| Germany | (122.5) | 107.6 | 73,969 |
| Austria | (121.7) | 115.6 | 65,054 |
| Luxembourg | (104.4) | 102.1 | 63,777 |
| France | (115.4) | 118.8 | 56,534 |
| Italy | (101.5) | 100.7 | 57,505 |
| UK | (100.0) | 100.0 | 56,401 |
| Spain | (103.3) | 102.3 | 55,645 |
| Netherlands | (115.0) | 109.2 | 44,435 |
| Belgium | (115.1) | 114.8 | 41,868 |
| Ireland | ( 98.2) | 104.1 | 40,435 |
| Portugal | ( 79.0) | 100.4 | 34,314 |

That should cheer up the Swiss a little, besides deterring the Germans from crowing too much.

**Michael Dixon**

| COUNTRY | JOB CATEGORY | LOWER QUARTILE Basic salary £ | LOWER QUARTILE All cash pay £ | LOWER QUARTILE Buying power £ | MEDIAN Basic salary £ | MEDIAN All cash pay £ | MEDIAN Buying power £ | UPPER QUARTILE Basic salary £ | UPPER QUARTILE All cash pay £ | UPPER QUARTILE Buying power £ | AVERAGE Basic salary £ | AVERAGE All cash pay £ | AVERAGE Buying power £ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GERMANY: | Chief executive | 82,646 | 93,633 | 47,389 | 106,443 | 122,483 | 57,992 | 136,273 | 168,317 | 74,197 | 118,162 | 142,146 | 64,972 |
| | Finance director | 57,384 | 59,876 | 32,749 | 73,099 | 77,725 | 41,242 | 88,606 | 99,494 | 49,544 | 78,612 | 86,997 | 43,498 |
| | Personnel director | 57,757 | 61,866 | 33,837 | 69,139 | 74,560 | 39,562 | 83,888 | 91,005 | 46,802 | 73,685 | 79,827 | 41,706 |
| LUXEMBOURG: | Chief executive | 73,034 | 78,205 | 48,891 | 88,078 | 110,244 | 63,358 | 114,400 | 134,517 | 74,732 | 94,107 | 108,527 | 62,372 |
| | Personnel director | 52,059 | 58,263 | 39,065 | 64,800 | 69,366 | 44,516 | 85,620 | 89,249 | 53,857 | 67,298 | 71,766 | 45,369 |
| | Finance director | 52,059 | 56,844 | 38,522 | 60,917 | 66,849 | 42,901 | 78,361 | 52,174 | 49,975 | 66,049 | 70,556 | 44,604 |
| AUSTRIA: | Chief executive | 71,474 | 86,779 | 42,784 | 104,076 | 121,956 | 59,124 | 134,421 | 148,572 | 70,807 | 110,030 | 127,460 | 61,793 |
| | Personnel director | 62,265 | 64,229 | 32,721 | 69,858 | 77,488 | 38,813 | 79,369 | 94,404 | 46,542 | 72,897 | 80,839 | 40,519 |
| | Finance director | 55,738 | 61,118 | 31,635 | 66,829 | 71,203 | 36,274 | 82,558 | 92,253 | 45,482 | 69,865 | 77,031 | 38,611 |
| FRANCE: | Chief executive | 70,388 | 79,502 | 47,536 | 85,175 | 101,743 | 58,190 | 108,850 | 130,029 | 66,479 | 90,640 | 108,654 | 60,258 |
| | Personnel director | 48,763 | 50,976 | 32,246 | 56,655 | 61,188 | 37,646 | 70,860 | 77,342 | 46,244 | 61,761 | 66,838 | 40,542 |
| | Finance director | 50,209 | 51,781 | 32,756 | 58,948 | 64,786 | 39,860 | 68,979 | 74,603 | 44,607 | 61,508 | 66,335 | 40,238 |
| SWITZERLAND: | Chief executive | 82,594 | 92,853 | 46,660 | 98,089 | 114,238 | 55,766 | 117,305 | 148,238 | 68,107 | 101,572 | 125,390 | 60,009 |
| | Finance director | 61,766 | 69,236 | 36,780 | 73,814 | 83,095 | 42,949 | 87,273 | 95,455 | 47,967 | 75,487 | 81,725 | 42,241 |
| | Personnel director | 56,101 | 58,291 | 32,221 | 63,467 | 66,501 | 35,805 | 73,608 | 81,123 | 41,930 | 65,345 | 69,228 | 36,776 |
| ITALY: | Chief executive | 69,399 | 76,223 | 43,556 | 83,580 | 98,599 | 54,399 | 108,268 | 120,949 | 66,730 | 89,504 | 103,407 | 57,052 |
| | Personnel director | 51,336 | 54,648 | 32,304 | 58,747 | 64,269 | 37,359 | 70,688 | 75,727 | 43,272 | 62,446 | 66,758 | 38,805 |
| | Finance director | 44,600 | 48,985 | 29,445 | 58,690 | 63,094 | 36,675 | 74,469 | 77,696 | 44,399 | 59,739 | 64,539 | 37,515 |
| UNITED KINGDOM: | Chief executive | 49,210 | 55,220 | 36,997 | 63,590 | 71,780 | 47,375 | 82,980 | 94,390 | 60,410 | 74,180 | 86,770 | 56,401 |
| | Finance director | 38,370 | 41,340 | 28,938 | 47,640 | 50,900 | 34,612 | 60,850 | 65,370 | 43,144 | 53,190 | 57,790 | 38,719 |
| | Personnel director | 31,950 | 33,110 | 23,839 | 39,140 | 42,650 | 29,429 | 55,790 | 59,270 | 39,711 | 45,210 | 49,610 | 33,735 |
| SPAIN: | Chief executive | 64,154 | 74,617 | 42,618 | 80,620 | 93,273 | 50,564 | 103,259 | 124,636 | 63,947 | 89,344 | 103,501 | 55,106 |
| | Finance director | 47,951 | 51,594 | 32,964 | 60,428 | 64,005 | 38,415 | 73,218 | 86,864 | 47,931 | 62,974 | 69,355 | 40,955 |
| | Personnel director | 50,738 | 52,165 | 33,329 | 60,477 | 65,141 | 39,098 | 74,612 | 84,368 | 47,370 | 63,578 | 69,059 | 40,780 |
| PORTUGAL: | Chief executive | 32,204 | 40,646 | 32,414 | 43,011 | 49,184 | 38,600 | 58,629 | 71,605 | 53,477 | 48,599 | 57,419 | 43,609 |
| | Finance director | 29,557 | 32,573 | 26,800 | 34,547 | 39,757 | 31,705 | 42,286 | 48,369 | 37,961 | 37,067 | 41,275 | 32,916 |
| | Personnel director | 27,323 | 30,794 | 25,337 | 34,529 | 35,909 | 29,091 | 43,471 | 49,115 | 38,546 | 36,252 | 39,466 | 31,473 |
| IRELAND: | Chief executive | 49,691 | 54,570 | 32,230 | 65,072 | 74,038 | 42,221 | 75,966 | 92,215 | 51,648 | 64,674 | 75,166 | 42,865 |
| | Personnel director | 41,498 | 46,149 | 28,198 | 48,035 | 50,607 | 30,405 | 51,699 | 57,979 | 34,244 | 47,415 | 51,744 | 31,089 |
| | Finance director | 37,261 | 38,759 | 24,076 | 44,454 | 47,615 | 28,608 | 53,151 | 58,795 | 34,127 | 45,378 | 49,072 | 29,483 |
| NETHERLANDS: | Chief executive | 71,689 | 75,307 | 32,742 | 82,892 | 97,069 | 40,516 | 103,006 | 114,685 | 46,871 | 87,346 | 100,636 | 42,004 |
| | Finance director | 45,305 | 47,807 | 23,280 | 57,094 | 61,248 | 28,227 | 68,486 | 74,284 | 32,297 | 68,391 | 64,400 | 29,120 |
| | Personnel director | 40,979 | 42,506 | 21,437 | 47,814 | 55,868 | 26,234 | 64,168 | 66,935 | 30,266 | 52,744 | 57,455 | 26,479 |
| BELGIUM: | Chief executive | 65,132 | 71,768 | 31,175 | 88,371 | 102,010 | 40,768 | 111,337 | 127,961 | 48,917 | 93,034 | 106,810 | 41,758 |
| | Finance director | 47,727 | 49,600 | 23,701 | 59,376 | 62,166 | 28,085 | 75,863 | 85,229 | 35,543 | 63,512 | 69,776 | 30,311 |
| | Personnel director | 45,171 | 47,395 | 23,059 | 57,600 | 60,722 | 27,433 | 74,127 | 79,863 | 33,305 | 61,132 | 65,795 | 29,154 |

هكذا من الأصل



# TOP OPPORTUNITIES

SENIOR POSITIONS IN GENERAL MANAGEMENT

EUROVENT

## DIRECTOR OF PRODUCT CERTIFICATION

## FOR THE HEATING VENTILATING AND AIR CONDITIONING INDUSTRY

EUROVENT is the European Association of National Trade Associations for the Heating, Ventilating and Air Conditioning Manufacturing Industry.

It has recently achieved legal status and is founding an independent EUROVENT Certification company to administer product certification programmes to test manufacturers' products at independent third party test laboratories.

We are looking to appoint a suitably qualified and self motivated Director of Certification to manage the Company. The position will require extensive travel throughout Europe, to both manufacturers and test laboratories.

The Certification Programmes are voluntary programmes and are widely supported by the industry, but part of the job will be recruiting new members.

The candidate will also be required to represent EUROVENT on international matters.

Whilst EUROVENT is a registered company in Belgium, the position will not necessarily have to be based in Belgium. We would be prepared to negotiate with the successful candidate where we should base our executive operation.

We are seeking a multilingual candidate with a good working knowledge of English. Experience of the industry will be of benefit, but is not essential.

Salary and benefits will be negotiable with the right candidate. Please reply in English to:

**Mr A Duttine, Eurovent Vice President for Certification,**
**Airedale International Air Conditioning Ltd**
**Leeds Road, Rawdon, Leeds, England, LS19 6JY.**

## MANAGER, MARKETING COMMUNICATIONS - EUROPE

**Competitive salary + bonus + benefits**

A leading international management consulting firm is looking for an experienced writer and marketing communications professional to promote the firm and its services in Europe, with particular emphasis on the United Kingdom, Germany, France and Benelux. Primary responsibilities include writing articles and case studies for the firm's publications and outside journals, producing collateral materials and developing and producing research reports and executive summaries.

The ideal candidate will have:

- At least 5 years experience as a business journalist or in a marketing communications position, preferably for a professional services firm.
- Excellent writing skills and the ability to grasp fairly conceptual issues and turn them into compelling prose.
- Ability to work independently and proactively.
- Superior interpersonal and communications skills.
- A good degree, preferably in communications or journalism.
- Fluency in at least one European language (preferably French or German), as well as English.

Salary and benefits package are highly competitive and include bonus, car, contributory pension and life assurance scheme, permanent health insurance and medical heath insurance.

Applications enclosing detailed CV, writing samples, and any other relevant information may be sent in confidence to: Box B1023, Financial Times, One Southwark Bridge, London SE1 9HL

YORKSHIRE

## NON-EXECUTIVE DIRECTOR

Yorkshire Chemicals is an integrated production and marketing group specialising in colours and process chemicals for textiles, leather and other end-uses. Turnover exceeds £100m., more than 90% of which is in overseas markets. Its growth record since 1981 is among the best of any UK quoted company.

The group is looking to strengthen its board team by the appointment of an additional non-executive with the following background:

- Practising or recently retired industrialist operating at senior level within a plc.
- Successful profit responsible experience in a technically based manufacturing and marketing business.
- Financial numeracy and involvement in major capex schemes.
- Experience of international operations
- Have initiated and managed substantial organisational change.

The Yorkshire group sees the primary role of directors as being to plan and deliver profitable growth. Board membership offers an exciting challenge to individuals of appropriate drive, experience and commitment.

Please write, enclosing a full CV to:

**Phillip Lowe, Chairman**
**Yorkshire Chemicals plc.**
**Kirkstall Road,**
**Leeds LS3 1LL**

Applications should be received by not later than 31st May, 1993

# BANKING FINANCE & GENERAL APPOINTMENTS

## RECRUITMENT CONSULTANT

### BANKING DIVISION

COVENT GARDEN — EXCELLENT SALARY + BONUS

Robert Walters Associates is an international firm of recruitment consultants with a turnover approaching £10 million. The Banking Division is a core business and our unrivalled success is based upon the development of high quality consultants, sophisticated management information systems and an excellent referral network.

Our clients include every major investment bank, retail bank and finance house operating from London. We are the market leaders in providing qualified accountants for the industry and are committed to further develop our client/candidate relationships.

We currently have an opportunity for an experienced consultant who will quickly attain sole responsibility for a key account portfolio.

The successful candidate is likely to be aged between 26-33, of graduate calibre with a background in banking or finance. Previous experience as a consultant with one of our competitors would be of particular interest.

A good understanding of one or more of the following business areas is essential:

- Capital Markets
- Audit
- Corporate Finance
- Management Information and Control

You should have a proven track record and be able to demonstrate success in client development.

Remuneration packages comprise high basic salary, quarterly bonus, PRP scheme, pension, private medical insurance and mortgage subsidy.

If you would like to find out more about the opportunities available please telephone **Anthony Barnes** on 071-379 3333 (fax 071-915 8714) or write to him at **Robert Walters Associates, 25 Bedford Street, London WC2E 9HP. All applications will be treated in the strictest confidence.**

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR BIRMINGHAM BRUSSELS AMSTERDAM PARIS

## QUANTATIVE FUND MANAGERS

We are currently representing 4 prominent houses seeking additional expertise in the above areas for active management. Two roles are fairly junior/analytical with the remainder requiring management skills, creativity and sophisticated modelling skills. **Salaries Neg.**

## STRUCTURED BOND DISTRIBUTION

A London based International Securities House, seeks a senior structured bond specialist to head a new division arranging and selling structured bonds to Banks and Financial Institutions in Germany/Switzerland. Applicants must have proven marketing skills and an established client base. A good knowledge of SWAPS/SWAP arrangements, and a management track record is required. **£ Neg.**

## BANKING ACA'S TAX

We have several vacancies for graduates/ACA's, aged c35 years with at least 3 years BANKING experience, specialising in tax based asset and financial products eg, DDB's, ZERO's, QUIS's etc. **Salaries Neg.**

OLD BROAD STREET BUREAU
EXECUTIVE SEARCH & SELECTION CONSULTANTS
65 London Wall, London EC2M 5TU
Tel: 071-588 3991 Fax: 071-588 9012

## NEW EUROPEAN BANKING SUBSIDIARY

This newly created European subsidiary of a major foreign bank has been formed to capitalise on the opportunities for developing pan-European wholesale banking business offered by the Single European Market and by the Second Banking Directive. Operating as an autonomous unit it, nevertheless, enjoys the benefits of being part of a larger international banking network.

Well capitalised and with a clear, strategic business plan, it is anticipated that it will remain a small, high-level operation in the UK but that it will become the central focus within a wider, expanding European network.

Two key opportunities now exist for suitably qualified and self-motivated individuals who seek to join a new venture:

### Operations and Systems Manager — to £45,000

As part of the senior management team, you will be responsible for setting up the internal operating, accounting and administrative procedures, systems and controls essential to a successful start-up. Once these have been established you will run the day-to-day management of the function in London, and will be expected to provide guidance on systems and operations issues in the European branches.

You will probably be a graduate with a relevant technical qualification, and have considerable foreign exchange and money market operations experience, gained in an international banking environment. (Ref. 3307.)

### Credit Officer — to £27,000

As a key member of the Credit Committee, you will be expected to make a high quality contribution to the Bank's overall credit management strategy, based on sound credit appraisal techniques. Initially consisting of short term corporate packages, the credit portfolio is expected to diversify considerably in the short term.

Probably aged between 25-30, with a relevant degree and/or professional qualification, you must be able to demonstrate a credible track record of credit management, including documentation and administration. Your ability to develop with the role offers good progression opportunities. (Ref: 3308.)

Both positions include normal banking benefits in addition to basic salary.

Please send a comprehensive career résumé, including current salary details and daytime telephone number, quoting the relevant reference to Sue Atkinson, Touche Ross Executive Selection, at the address below.

Touche Ross

Deloitte Touche Tohmatsu International

MANAGEMENT CONSULTANTS

Hill House, 1 Little New Street, London EC4A 3TR.
Telephone: 071 936 3000.

071-377 6488

### TREASURY
£NEG

Good opportunities available for experienced corporate salespeople, with top City based Banks. Ability to market all treasury instruments including derivatives. Multi-lingual preferred. Please call Shona McIntosh.

### EXECUTIVE RECRUITMENT

Due to long term expansion plans, we are currently looking for additional experienced consultants to cover areas of recruitment as advertised, including Fund Management. Please call Andrew Stone.

### FIXED INCOME SALES
£40K – £100K

Numerous opportunities with top City banks for candidates with established client bases in any of the following locations: UK, GERMANY, ITALY, FRANCE, BENELUX, SWITZERLAND, SCANDINAVIA, etc. Extensive product knowledge essential – a foreign language ability can be advantageous.
Please call Andrew Stone.

### EUROPEAN EQUITY DERIVATIVES SALES
£45K++

Leading investment bank seek experienced European equity derivatives salesman with an established UK or European client base. The bank offers a full product range backed by an active presence on European exchanges. Please call Ian Donaldson.

### MONEY MARKET SALES
£35K+

Several opportunities within this area. Products will include ECP, CD's, Treasury Bills, etc. A foreign language can be advantageous. Please call Andrew Stone.

### SOUTH EAST ASIAN EQUITY SALES
£NEG

Several major brokers wish to strengthen their client coverage by recruiting experience salesmen with specialist knowledge of the South East Asian markets, and established client bases. Salesmen or analysts with particular expertise in the Thai, Philippines and Indonesian markets are particularly sought.
*Please call Ian Donaldson.*

### EQUITY ANALYSTS
£NEG

A wide range of opportunities currently exist for sectoral specialists for UK and pan-European coverage.
For further details please contact Ian Donaldson.

### CORPORATE FINANCE
£30K – £60K

Several leading City banks wish to expand their Corporate Finance teams covering Central and Eastern Europe. A minimum of 2 years' experience is necessary, and persons experienced in accounting or consultancy may also be considered. Fluency in one of these languages essential and also a willingness to live in Budapest, Prague or Warsaw. Please call Terence De'Ath.

**Also see our advertisement on Reuter Page Code L071.**
**For further details please call us 071-377 6488 or send/fax your CV to us.**
**All applications are treated in the strictest confidence. For enquiries outside business hours call 081-364 1833.**

CAMBRIDGE APPOINTMENTS
232 Shoreditch High Street, London E1 6PJ. Fax No. 071-377 0887

## MARKETING SUPPORT MANAGER

A small but very fast growing Fund Management Group is forming a new department to support the marketing function.

Reporting directly to the Managing Director the Marketing Support Manager will initially have a team of two staff working for them.

The department's function is to liaise between the marketing, fund management, financial reporting and IT departments to service the Group's requirements.

The job will entail the design and production of all marketing material. The upkeep of performance records and performance comparisons. The maintenance of prospective client files and the follow up of such files. Although our client base is in the main internationally based private individuals we do have a number of appointed intermediaries world wide who require support through marketing material and for the resolution of dealing, commission and other problems.

The successful candidate will already be very experienced in the fund management and administration fields. They will be very dynamic, a self-starter and have the ability to get things done. They will also have excellent PC skills coupled with a foreign language ability. For the right individual salary is not a difficulty.

Please write (do not telephone) with a full CV to:
Paul Smith, Ermitage Management (UK) Ltd.,
14, Bowling Green Lane, London EC1R OBD.

Ermitage
ERMITAGE MANAGEMENT (UK) LIMITED

■ LIFE REINSURANCE ■

## DEVELOPMENT UNDERWRITER

LONDON

A major International Reinsurance Group is developping its Life Reinsurance activities in the U.K. and is seeking a Development Underwriter.

In close contact with both the Life Reinsurance Managing Director of the Group and the General Manager of the UK Subsidiary, the candidate will be in charge of the relationships with Life, Accident and Health Insurance Companies and Reinsurance Brokers. He/she will have to propose a marketing plan and a strategy for the Group concerning the UK market. He/she will be responsible for underwriting and technical assistance to the local companies (selection, rating, training, etc.).

For this challenging opportunity, the successful candidate will preferably be an Actuary, with a strong background in Life Insurance or Reinsurance. He/she will have to demonstrate development skills in a previous job and will have an excellent command of the French language.

The position offers an attractive compensation package and a comprehensive range of employee benefits.

Applications with full details of career qualifications and present salary should be sent in strictest confidence to

Box B1057, Financial Times,
One Southwark Bridge, London SE1 9HL.

ORC CONTESSE

## DEALER

Instituicao financeira estrangeira necessita de profissional com experiencia para trabalhar em Portugal.

Exige-se completo conhecimento dos mercados de capital. De cambio e monetario (money-market), alem de fluencia em Ingles e Portugues.

Salario inicial de esc.450.000$00 mensais

Carta com "curriculum vitae" detalhado para este jornal sob o numero

Box B1018
Financial Times
One Southwark Bridge, London SE1 9HL

# BRUSSELS REPRESENTATIVE

## Salary c BF90,000 net per month + car + benefits

The Law Societies of England and Wales and of Scotland are seeking a replacement for their Brussels Representative

The Brussels Office plays a key role in lobbying the European institutions on behalf of the profession in Great Britain, and keeping the Law Societies and their members informed of vital developments in Europe. It is a high profile operation which needs to keep abreast of a quickly changing scene

The Brussels Representative heads the office of three staff. It is an exciting post which requires excellent written and oral communication skills (including the ability to speak French), public relations and lobbying expertise, a knowledge of European institutions and preferably of the U K legal professions

Please telephone on 071-320 5936 (answerphone) for an application form and job description

Completed application forms should be returned to Barbara McKelvey, Personnel Manager, c/o The Law Society, 113 Chancery Lane, London WC2A 1PL (Fax 071-320 5998) by Friday 4th June, 1993

*The Law Society is striving to be an equal opportunities employer, and welcomes applications from all sections of the community, irrespective of sex, race, colour, sexuality or disability*

THE LAW SOCIETY OF ENGLAND & WALES — THE LAW SOCIETY OF SCOTLAND

---

# University of Cambridge

## TREASURER

The Vice-Chancellor invites applications for the office of Treasurer to take up post on 1 October 1993, or as soon as possible thereafter.

The appointment will be subject to the Statutes and Ordinances of the University, as they may be amended from time to time.

Proven financial management skills are essential; and a knowledge of the higher education sector will be an advantage.

The stipend of the Treasurer is £41,213 a year. Membership of the Universities Superannuation Scheme is available.

Persons interested in applying for the office are asked to seek full particulars from the Vice-Chancellor, 0223 330267. Candidates are invited to send six copies of their applications, marked "Private and Confidential", to the Vice-Chancellor, The Old Schools, Cambridge CB2 1TN, so as to reach him no later than 31 May 1993.

Applications should include a complete *curriculum vitae* and the names of three persons who are willing to act as referees.

*The University follows an equal opportunities policy.*

---

# RIYAD BANK
## SAUDI ARABIA

Riyad Bank is one of Saudi Arabia's most prominent Banks, with 170 branches in the Kingdom and offices in the UK and the USA.

The Bank has recently embarked on a comprehensive and ambitious restructure program, and, as a result, major technology based changes are expected within the Bank's International Banking Division. These changes will result in the setting up of one of the most sophisticated and technically integrated systems within the Treasury and International Banking Division.

Qualified professionals with an interest in joining the Bank and making a positive contribution, are invited to apply for the following position.

### CONTROLLER
### TREASURY DIVISION

**Job Responsibilities:**

- Ensure that accounting principles and practices used by and for the division's products and services are in accordance with generally accepted accounting practices and regulatory accounting requirements:
- Ensure that adequate internal controls are in place to assure compliance with the bank's internal policies and procedures and with prescribed operating and business limits.
- Establish check and balance mechanism between Treasury Division and Back Office Operations and Accounting Division.
- Ensure that all necessary limits and guidelines are in place, current, monitored and exceptions thereof are reported.
- Develop management accounting reports and other financial and risk assessment capabilities to effectively manage the division's major financial responsibilities.
- Will play a major role in the on-going conversion of the present manual operating environment to a state-of-the-art system environment.

**Job Requirements**

- Accounting Degree
- 6 years experience directly relevant to the above responsibilities with a financial institution which has significant treasury or treasury/related operations.
- Strong commercial banking operations knowledge desired.
- Experience in Financial Risk Management and in use of Asset/Liability Management Software
- Hands-on knowledge of using wordprocessing software and spreadsheets.

Fully competitive compensation package will be offered to the successful candidate.

Please mail your application including current salary and benefits as soon as possible to:

Box B1021, Financial Times,
One Southwark Bridge, London SE1 9HL

or alternatively by fax to:
The Treasurer, Riyad Bank, Riyadh
966 1 404 2754

---

Phillips & Drew Fund Management Limited

PDFM

# Fund Manager - Japanese Equities

As one of the UK's largest and most successful institutional fund managers, Phillips and Drew Fund Management Limited has an enviable record of growth allied to excellent performance.

We are currently seeking a senior Fund Manager with specific responsibility for investments in Japan.

Candidates will have a minimum of five years' experience in the Japanese equity market. Excellent analytical and communications skills are essential; vigorous debate with your colleagues and clients is a feature of the role. Familiarity with other Asian markets would be advantageous. It is unlikely that candidates under the age of 30 will have the requisite experience.

The remuneration and career prospects are excellent, reflecting a senior post in a prestigious organisation.

Please send a brief CV to M.P. Gostick, Personnel Department,
Phillips & Drew Fund Management Ltd, Triton Court,
14 Finsbury Square, London EC2A 1PD.

PDFM is a subsidiary of UBS Asset Management (UK) Limited.

---

## APPOINTMENTS ADVERTISING

appears every Wednesday & Thursday & Friday (International edition only)

For furtherinformation please call:

Andrew Skarzynski
on 071-873 3607

Mark Hall-Smith
on 071-873 3460

Tricia Strong
on 071-873 3199

JoAnn Gredell - New York
212 752 4500

Philip Wrigley
071 873 3351

Rachel Hicks
071 873 4798

Clare Peasnell
071 873 4027

---

# GROUP DIRECTOR OF INFORMATION MANAGEMENT

SmithKline Beecham, one of the world's most recognised and respected names in health care today is currently seeking an individual to direct the Information Management function within Pharmaceuticals R&D. The selected individual will be responsible for ensuring that R&D is provided with all the strategic intelligence and information essential to its successful operation. The Group Director will manage a staff of approximately 100 individuals who are located in the U.S. (Philadelphia) and the U.K (SE London). Specific responsibilities include: the management of proprietary information - both document and data, new scientific information, SB product literature, several modern libraries, a leading-edge strategic intelligence operation and the development of future strategies to support these activities.

An advanced scientific degree is highly desirable and at least seven years of applicable experience in a highly technical, information intensive environment is required. In addition, you will need a proven track record of building and managing an information management group of significant scale. Strong interpersonal and line management skills are essential and 25% travel is required. The selected candidate will be a recognised information management authority, who is knowledgeable in innovative and forward thinking approaches to the exploitation of information and is accustomed to functioning at a strategic level.

Compensation and benefits reflect the status and importance of this position. The position can either be based in London or Philadelphia. For prompt, confidential consideration, please forward your credentials to: SmithKline Beecham Pharmaceuticals, Research and Development, Attn: ABIM, Yew Tree Bottom Road, Epsom, Surrey, KT 185XQ.

SB
SmithKline Beecham
Pharmaceuticals

Challenging the natural limits.

---

## TOYO TRUST INTERNATIONAL LIMITED REQUIRES TO RECRUIT THE FOLLOWING PROFESSIONAL STAFF

1). U.S. DOLLAR BOND TRADER - experienced in servicing a sales team covering end-investor accounts in both U.S. Treasuries and Eurobonds. Five years recent market experience preferred.

2). MULTI-PRODUCT SALES PERSON- for coverage of European client base. Multi-lingual, 5 years experience of servicing end-investors preferred.

In both cases usual banking benefits, performance bonus and competitive salary will be available according to experience.

Please reply in confidence to:
B C Dickson, Deputy Managing Director,
Toyo Trust International Limited, 36 Queen Street,
London EC4R 1BN. Tel: 071 236 5272 Extn 216

---

## ECONOMISTS, STRATEGISTS QUANTS AND BOND ANALYSTS

*On behalf of a number of our clients, we are currently looking for specialists who have experience in research within the financial markets. Please contact Clare Kearns who will treat all enquiries in confidence.*

Advantage Recruitment, 2 London Wall Buildings, London EC2M 5PP.
Direct line: 0732 743058 Messages: 071 628 4200

---

## APPOINTMENTS WANTED

BANKER - Director level. At Merchant Bank. Property Sector.

- Fully qualified (ACIB) and experienced in all aspects of property lending/recovery.

Seeks challenging position. Particular strengths.

- Establishing profitable operation from green field position.
- Effective in liaisons with professionals involved in all spheres of property, lending/recovery.

Temporary or permanent position sought. Write to Box B1059, Financial Times, One Southwark Bridge, London SE1 9HL.

---

## MONEY BROKER

in Paris, leader in French market is looking for an experienced senior broker for his French Franc desk (I.R.S., fax rate versus pibor). Attractive salary plus bonus offered.

Please address your curriculum vitae to: Box B1022, Financial Times, One Southwark Bridge, London SE1 9HL.

---

## USE YOUR CITY KNOWLEDGE

Small conference company needs individual with City/financial background to devise conference programmes on a freelance basis. Payment per programme. Write to Box B1024, Financial Times, One Southwark Bridge, London SE1 9HL.

---

# James Capel Asset Management
## Compliance Manager

London — Competitive Salary + Benefits

James Capel Asset Management, the European operation of the HSBC Asset Management Group, is one of the leading fund management houses in the UK, with institutional and retail funds under management exceeding £9bn.

Reporting to the Financial Controller, Europe, the appointee will be responsible for the compliance function of three authorised companies. Principal tasks will be to:

- deal with all compliance matters, liaising with and reporting to the regulators, and ensuring compliance with relevant regulations;
- keep fully abreast of all regulations, legislation and the rules of the SIB, IMRO and LAUTRO;
- build good working relationships with senior line management and sales staff, actively promoting the role of compliance.

Aged at least 30, candidates will be graduates with an appropriate professional qualification. Relevant experience of the compliance function and detailed knowledge of SIB, IMRO and LAUTRO regulations are essential. Ideally, applicants will have had significant exposure to compliance issues relating to both retail and institutional fund management. Important personal attributes will include a high level of integrity, well developed interpersonal skills and a constructive approach to seeking solutions.

The remuneration package will comprise a competitive base salary and a full range of benefits, including a car.

**Please send a detailed CV to GKRS at the address below, quoting reference number 188J and including details of current remuneration and availability.**

GKRS

SEARCH & SELECTION

CLAREBELL HOUSE, 6 CORK STREET, LONDON W1X 1PB. TELEPHONE: 071 287 2820

A GKR Group Company

---

# ECONOMIST

*ATTRACTIVE BANKING PACKAGE — CITY-BASED*

The activities of NatWest Securities include global economic and company research - a key strength being its primary position in UK research - as well as sales to the world's major institutional investors and market-making in equities and derivative instruments.

This is an opportunity for a high calibre economics graduate to join the widely respected team headed by Dr Paul Neild. The successful candidate will have 2-3 years' relevant experience, which could have been gained either within the City, industry or a government institution.

Concentrating mainly on the UK economy, the role will demand strong analytical and computer modelling skills as well as the ability to write incisive research documents. For the right person, this is an excellent career development opportunity.

Please write, with full cv and current salary details, to: Mrs S. Shirley, Personnel Manager, NatWest Securities, 135 Bishopsgate, London EC2M 3UR.

NATWEST SECURITIES
NatWest Markets

---

# Senior General Manager Flight Operations
## DUBAI

Emirates, the award-winning airline, currently operates eight A310-300ERs, four A300-600Rs (with another to be delivered shortly), and three B727-200 aircraft. Seven Boeing 777s are on order, plus seven options. The route network of 32 stations extends from Manchester to Manila.

We now seek a non-flying Senior General Manager Flight Operations, reporting to the Operations Director, with responsibility for the management of the Flight Operations Department.

Essential requirements are a completed career as a pilot which will command the respect of our highly professional pilot group; mastery of the full range of management skills; experience in a senior position in a major mixed-haul airline operating modern wide-bodied aircraft; familiarity with relevant ICAO standards and recommended practices, and with internationally recognised regulatory regimes such as the FAA, JAR or CAA.

The post is located in Dubai, an agreeable place to live, and offers an attractive salary plus generous expatriate conditions.

Written applications only, with the names of at least two referees and full CV to arrive not later than 13th May 1993, to:

*Senior General Manager Human Resources (Ref: sgmfo),*
*Emirates,*
*P. O. Box 686,*
*Dubai, United Arab Emirates.*

BEST CARRIER TO THE MIDDLE EAST

Emirates

---

## CFO

Experienced individual sought as Chief Financial Officer for new London office of highly capitalised, international derivatives trading/market-making firm. Exceptional regulatory/ compliance knowledge, ability to build back-office team a must.

Send resume, compensation history in strict confidence to
Box B1007 Financial Times
One Southwark Bridge
London SE1 9HL

## ACCOUNTING

Accounting/finance positions at all levels of experience available in start-up unit of major international trading firm. Candidates should be extremely intelligent, self-motivated.

Salary history, resume to
Box B1009 Financial Times
One Southwark Bridge
London SE1 9HL

## TRADER

We are looking for the best derivatives traders and market makers in London to staff U.K. unit of U.S.-based trading firm. Experience with Asian & European derivatives needed.

Resume, comp history to
Box B1008 Financial Times
One Southwark Bridge
London SE1 9HL

---

# CORPORATE FINANCE
## to £35,000 + Excellent Package

A leading investment bank requires exceptional young graduates to join a highly successful corporate finance team in the City. Ideally you will be an ACA or MBA with a proven track record in the financial sector. Using your strong communication skills you will have the opportunity to work on a wide range of transactions involving company valuation, research and documentation. There are excellent prospects for advancement.

***Please contact Karen Hoggard on 071-623 1266.***

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Telephone 071-623 1266 Facsimile 071-626 5259

JONATHAN WREN EXECUTIVE

## ACCOUNTANCY COLUMN

# TV education market proves a blackboard jungle

**Andrew Jack** reports on a bitter and as yet unprofitable battle for market share between two rival companies

A BITTER battle is brewing over control of the accountancy television education market. The quiet world of the profession is being shaken by the vulgarity of aggressive competition.

The sleeves are being firmly rolled up on the arms of Accountancy Television (ATV) and Television Education Network (TEN) as the two organisations fight for the audience for videos and broadcast programmes.

Both services are beginning to reflect each other's tactics in their attempts to grab market share. Both say that the future looks promising. Neither has yet shown the profits to match the rhetoric.

The story began early last year. Three organisations decided to launch a weekly programme on BBC Select, the broadcasts made late at night on television and which can only be watched with the aid of an electronic decoder. They were the Institute of Chartered Accountants in England and Wales, the BBC itself – through BBC Investments – and BPP, a quoted financial training company.

But it seems a decision was soon taken that the channel would have more credibility if it included the other principal UK professional accountancy bodies, of which there are six. The Chartered Institute of Public Finance and Accountancy would not take part. The others did: £250,000 in shares came from the Chartered Association of Certified Accountants, £100,000 from the Chartered Institute of Management Accountants, and £25,000 each from the chartered accountancy institutes for Scotland and Ireland.

The original three backers stumped up £350,000 each, bringing the total support to £1.4m – a figure which some say was still unrealistically low.

Bringing in the extra organisations may have provided extra funding, but it also helped stoke squabbling. A demonstration tape shown to the backers annoyed the Certified Accountants because there was no mention of it or its representatives.

More fundamentally, the associations tried to influence the focus that the programmes should take. Market research commissioned by the BBC had suggested that the principal audience would be accountants in industry and commerce.

But the associations – conscious of their own constituencies – wanted a more wide-ranging focus which would appeal to their members in public practice. This was reflected in a fight over the name of the service. The market research supported those arguing for the name "Business Account". The associations insisted on "Accountancy Television".

The BBC had initially offered substantial extra backing in-kind by advertising the service during normal television hours. It all but withdrew after an investigation by the Monopolies and Mergers Commission into the practice of advertising Radio Times on the air when rival listing magazines had no such option.

This forced ATV – under tight time pressures to meet its launch date – to spend more than an unbudgeted £300,000 on alternative forms of marketing, that has pushed it about three months behind its original business plan.

Meanwhile, a rival company was preparing for action. TEN had been founded by Robert Clemente, an Australian entrepreneur who had developed a business selling educational videos to the professions and decided to export the idea. TEN was already running a service for lawyers. Last summer it launched the Accountants' Education Channel, a monthly video subscription service. It had planned to respond to subscribers' reactions and later re-launch the service, but brought forward this date to coincide with ATV's initial programmes in November.

The first ATV broadcasts were not without problems. Difficulties with the encoding technology and viewers' failure to understand how it worked meant the company had to send out copies of its programmes on video.

Both companies' programmes include a short news bulletin and segments including interviews on subjects ranging across current financial reporting, tax and accounting themes. They are accompanied by documents providing further details.

Experience since has clearly borne out the BBC's market research. Despite the insistence of the accountancy bodies on marketing and focusing programmes partly at their members in public practice, nearly all the subscribers have been from industry and commerce.

Shortly after the launch, ATV proudly announced that more than 11,000 people had expressed an interest in subscribing. In fact, so far only about 800 have done so. TEN said last month that its accountancy videos had 6,000 viewers. But since it estimates an average of seven to 10 people watch each one, the number of subscribers is also correspondingly lower.

That still leaves the assessment of how viewers are split between the different subscription rates. ATV claims the average rate – based on number of viewers – is significantly higher than expected at £1,780. TEN says about three-fifths of its subscribers are for the "level 1" tapes charged at £495 a year, and less than a fifth at the higher-end service at £1,495.

To boost demand, ATV recently began selecting the bits of the weekly broadcast programmes which are most relevant to accountants in public practice, and sending them out as monthly segments on video under the name "Professional Focus". It says it now has more than 300 subscribers for the service.

Using videos mimics the medium chosen by TEN, which, in turn, is just about to start slicing into ATV's core market by extracting highlights of its tapes most relevant to accountants in industry and commerce, and sending them out each month under the label "Corporate Briefing".

The message of competition for viewers has not come simply through the medium, however. An accountant recently wrote to ATV alleging that during a sales pitch a TEN representative had questioned ATV's financial status and how long it would continue offering the video service.

That led to an ATV solicitor's letter demanding that TEN dissociate itself from the comments. TEN says it is not aware that such remarks had been made, and stresses – as does ATV – that it wants to compete on quality rather than on remarks towards against the opposition.

Both companies make great play of the quality of the service they provide, and stress that customers should choose between them based on their programmes and supporting material. Yet finances remain a crucial question. Neither company wants to talk too openly about its performance – arguing that will only give sensitive information to its rival.

TEN says it expects the accountancy service to be in profit by the end of its current financial year. Its latest accounts, for the period to December 31 1991 show losses for all operations of £435,000. The directors' report stresses that projections until December 1993 show the company may need additional funding.

ATV's accounts for the first year of operation will not be filed for many months yet, although it says it hopes to be making a profit by the end of its next financial year in 1994.

In late March, BPP wrote off its £350,000 stake, calling the investment "a high risk venture whose future must be regarded as uncertain during this early critical period". Burying the note in its accounts, the Certified Accountants did the same with its £250,000. The other backers are holding the shares at their original value this year.

Quality is all very well, but – as the accountants on the programmes produced by both companies might say – they will need to see quality translated into additional subscriptions before long if they are to survive.

# Financial Controller

**Central London** — **£ Salary Negotiable + Car**

Our client is a highly successful subsidiary of one of Europe's major industrial groups, specialising in the provision of retail finance and leasing. The company has achieved a high level of profitability over the last two years and with an increasingly strong retail network and sales force the prospects for 1993 and beyond are excellent.

They are now looking to recruit a commercially orientated Financial Controller, reporting to the Managing Director, into a new post. This individual will be required to provide advice to senior management covering all aspects of the business and will therefore be expected to become a key member of the management team. The key responsibilities will include analysis and interpretation of operating results, budgeting, planning and forecasting, provision of year end information and the preparation of board reports as well as a variety of organisational/ feasibility studies.

The ideal candidate will be a qualified accountant with post qualification experience of the leasing industry. It will be important for the incumbent to have a developed understanding of business issues and commercial decision making. To achieve this effectively, communication skills and the ability to influence will need to be of a high standard.

Ambitious candidates will have the opportunity to progress to senior management within the group and the variety of opportunities may include secondments within Europe.

Candidates interested in developing their careers in a successful and expanding company should send their curriculum vitae to **Andrew Norton** at **Michael Page Finance, Financial Services Division, Page House, 39-41 Parker Street, London WC2B 5LH.**

**Michael Page Finance**

Specialists in Financial Recruitment

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide

---

*c. £48,000 + excellent bonus + benefits* — *Business supplies and services* — *London*

# Finance Director

**Superb opportunity for a strong operational finance professional to join this rapidly growing £50m+ subsidiary of a top 100 plc. Already dominating its market, the business is unique in the sophistication and range of services it provides to an outstanding blue chip customer base. Real scope to influence the profitability and performance of a thriving business.**

THE ROLE

- Reporting to the Managing Director responsible for instigating rigorous but flexible financial and management controls that support day-to-day operations and can accommodate rapid organic growth.
- Provide detailed financial evaluations and recommendations on capital expenditure projects. Develop customer profitability profiles and analyses that allow account managers to provide unequalled levels of service and responsiveness.
- Ensure timely and accurate financial reports, budgets and reviews are supplied to Head Office and operational General Managers. Key contributor to the overall commercial and strategic direction of the business.

THE QUALIFICATIONS

- Fast-track graduate accountant, probably aged 30-40, with experience in a tough, sales-led environment with demanding service standards.
- Already proven in management accounting having developed and implemented clear controls and standards in a fast-moving multi-site business.
- Enthusiastic, pro-active and participative. Team player used to using finance as a management tool to create opportunities for growth and improvement.

London 071 973 8484
Manchester 061 437 0375

**Selector Europe**
A Spencer Stuart Practice

Please reply, enclosing full details, to: Selector Europe, Ref. F6121053M, Adlington Court, Greencourts Business Park, Styal Road, Manchester M22 5LG

---

CLARK WHITEHILL

# Corporate Tax Partner

**London** — **£ Excellent**

Clark Whitehill is a leading national firm which has developed a strong and successful practice and an enviable core client base including established international groups, smaller PLC's and private companies. Added to this they have quality niche services which provide significant added value. The practice is fully integrated with an excellent national and international network of offices.

Sustained growth within their tax practice and a continuing demand for their services from existing and new clients has resulted in the need to recruit an additional corporate tax partner.

The firm provides a framework in which partners work closely together across complimentary business areas providing a total quality service.

The role requires an individual with a high level of technical, marketing and client handling skills and a proactive innovative approach to winning new business.

Suitable individuals will be corporate tax specialists, aged mid 30's to early 40's, who have experience of a general corporate client base. This is a front line highly visible role which would ideally suit an already established partner who will relish the positive environment and challenge of a demanding 'blue chip' client base.

Enquiries will be handled in total confidence.

Interested candidates should send a full curriculum vitae to **Chris Nelson or Matthew Leedham at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH. Tel: 071 831 2000, or in the evenings call 081 788 9887.**

**Michael Page Finance**

Specialists in Financial Recruitment

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide

---

# Group Treasurer

**Kuwait** — **Excellent Tax Free package**

One of the largest commercial groups in Kuwait, our client has an unusually broad portfolio of industrial and trading interests across many business areas.

Responsible to the Chief Financial Officer you will manage and develop the Group's Treasury function and be central to the implementation of both long and short term budgets. By expertly negotiating and managing substantial finances with both regional and international banks you will contribute to both current operations and future expansion. Other responsibilities include co-ordinating the treasury needs of all the group's divisions and subsidiaries and supervising day-to-day operations, including the investment of surplus funds and a large volume of FX transactions.

Probably a graduate, and qualified in treasury management/accounting, you will have recent senior level experience in Corporate Treasury in the Middle East. A strong 'hands on' operator, effective communicator and a shrewd business manager, you'll understand the needs of a complex, multi-faceted organisation, and have plenty of commercial acumen in dealing with Middle East banks and financial institutions.

In return you will enjoy an excellent negotiable, tax-free package which comprises base salary, performance related bonus and expatriate benefits.

Please write now - in confidence - with full career and salary details - to Ghassan Yazigi or Douglas Austin, quoting ref: 1283/25, MSL Group Limited, 32 Aybrook Street, London W1M 3JL. Fax: 071-224 2350.

**MSL International**
CONSULTANTS IN SEARCH AND SELECTION

---

# Finance Director

**Central London** — **c. £45,000**

A small, specialised software house, based in central London with an office in eastern USA, it currently employs about 35 people and has sales in the UK, continental Europe and North America. Under the dynamic and entrepreneurial management of its founders, and with strong institutional backing, it has grown to become an international market leader in its field. It now needs strong financial management to take the company into the next phase of growth.

The Role: Reporting to the Executive Chairman, responsible for financial planning and control of the business and providing timely, accurate and focused information for management. Will be a key member of the executive team developing the company, and participating in its general management and direction.

Qualifications: 35-45 graduate chartered, management or certified accountant with track record of financial management and systems improvement, preferably in small service business. Must have broad vision, sound commercial sense, and the potential for greater responsibility.

CSR

A division of Chee & Stoles

**Please write enclosing full cv quoting reference 2752 to:- CSR Selection Consultants, 1 Derby Street, London W1Y 7HD**

---

# *Directeur Financier et Administratif*

*Northern France*

*c FF 425,000*

This profitable French subsidiary of a well-known British manufacturer employs several hundred people across four divisions. Having made significant gains in manufacturing quality and efficiency, the company has achieved impressive advances in established worldwide markets resulting in expanding revenues and substantial growth potential. The realisation of this potential requires the development and implementation of new management information systems and stronger financial controls. Reporting to the President Directeur Generale, the job holder will exercise a full controllership role, with responsibility for the finance and MIS functions, as well as for Group reporting and ensuring compliance with French financial and administrative requirements. The position is suited to qualified management accountants or chartered accountants with extensive experience in the manufacture of industrial products. Fluent in written and spoken French, candidates must have previously held a senior financial position in France. The range of benefits includes a company car, relocation assistance and the opportunity to earn a performance-related bonus.

Interested candidates should forward a detailed c.v. to: **Colin Vaughan, Hoggett Bowers plc, George V Place, 4 Thames Avenue, Windsor, SL4 1QP, 0753 850851, Fax: 0753 853339, quoting Ref: CV/FT.**

*Hoggett Bowers plc*
EXECUTIVE SEARCH AND SELECTION

BIRMINGHAM • BRISTOL • CAMBRIDGE • CARDIFF • EDINBURGH • LEEDS • LONDON • MANCHESTER • NEWCASTLE • WINDSOR and representation throughout EUROPE

---

# FINANCIAL CONTROLLER

**Housebuilding – Midlands**

**c£35,000 – £40,000**

Our client is a substantial plc and one of the most profitable and respected housebuilders operating throughout Great Britain. It has a strong balance sheet and minimal gearing. Through the recession it has continued to increase the number of houses sold. The Financial Controller, a new position reporting to the Group Financial Director, will manage all accounting services to housebuilding subsidiaries, develop new systems and monitor key controls at an important stage in the Group's development.

Candidates, probably aged 28 – 35, will not only be professionally qualified graduates with an excellent track record in financial management but also business men or women of high calibre. Experience of operating at senior managerial level in a housebuilding or construction company is desirable but experience in manufacturing or industrial services with multi-sites could also be appropriate.

Salary is negotiable and the excellent benefits package includes access to share option schemes. Base is East Midlands.

Please reply in strict confidence giving details of experience, age, qualifications and present salary quoting Ref: 1180. No information will be divulged to our clients without your permission.

**CB-Linnell Limited**
7 College Street, Nottingham NG1 5AQ.
SEARCH & SELECTION CONSULTANTS
NOTTINGHAM : LONDON

---

## APPOINTMENTS WANTED

### EASTERN EUROPE

Two experienced English Chartered Accountants, bilingual English Polish and based in London, available for short to medium term assignments on location to organisations seeking to exploit business opportunities in Poland. To include interim finance directorship, training and restructuring on location.

Reply in confidence to: Box B1060, Financial Times, One Southwark Bridge. London SE1 9HL.

### GRADUATE ACA

Age 39, 4 years with multinational manufacturer followed by 9 years in London insurance market, the last 7 as Finance Director. Seeks financial management/audit/ consultancy role, based in Yorkshire. Relocation from Surrey. Working knowledge of German, Dutch & French.

*Contact Box B1061, Financial Times, One Southwark Bridge. London SE1 9HL.*

---

*Business Information Services*

# Finance Director

Circa £50,000 + Car — North-East

**The company is part of a multinational organisation providing quality products and services for the effective management of business information. An entrepreneurial Finance Director is now sought to manage the finance function and contribute to overall strategy on a broad range of issues. There is considerable scope for future career development.**

**THE APPOINTMENT**

- Take responsibility for all aspects of financial accounting, timely management reporting and company secretarial duties.
- Ensure improved efficiencies through the development and installation of effective business systems.
- Provide significant input on pricing and other commercial issues.

**THE REQUIREMENTS**

- Graduate, probably aged early thirties to early forties, with a recognised accountancy qualification.
- A minimum of ten years' experience in a manufacturing environment, at least to Financial Controller level
- Successful track record of running a hands-on accounting function, ideally with exposure to company secretarial and legal matters.
- Highly computer literate, with drive, initiative and strong leadership skills.

Please apply in writing with full CV and salary details quoting reference 9054[illegible]/A to: Geoffrey Mather, **K/F Associates**, Pepys House, 12 Buckingham Street, London WC2N 6DF.

**K/F ASSOCIATES**
*Selection & Search*

Gearbulk Holdings Limited, Bermuda, an international shipping company with a fleet of 43 open-hatch vessels, has decided to relocate some of its operations from Norway to London. Gearbulk (UK) Limited, the UK agent for the Group, will be in operation from 1st August 1993, initially with about 80 employees, located in N. Surrey.

# SENIOR FINANCIAL ACCOUNTANT

**Up to £32K + Car + Benefits** **N. Surrey**

A qualified accountant is required to take control of the Company's accounting and cash functions. Reporting to the Finance Manager, the selected candidate will assume responsibility for the consolidation of Company accounts, preparation of annual and periodical accounts, Tax returns and cash flow analysis and reporting.

Suitable applicants will have 3-8 years relevant post qualification experience and will be fully familiar with UK GAAP and Tax regulations. A knowledge of international operations and the shipping industry would be useful. He or she must be computer-literate and preferably familiar with Microsoft Word and Excel.

This is a demanding post which, because of the nature of Gearbulk's operations and the start-up situation in the UK, will require a confident, forceful but flexible individual who is able to fit easily into a progressive and hard working team. As there is considerable scope for personal development, the appointment should be of particular interest to those with management potential.

Gearbulk prefers non-smokers.

**Please apply in writing with full career details and current salary to John Ingamells at Mercuri Urval, Spencer House, 29 Grove Hill Road, Harrow, Middlesex HA1 3BN, quoting reference: JI/GB/11.**

Mercuri Urval

Gearbulk Holdings Limited, Bermuda, an international shipping company with a fleet of 43 open-hatch vessels, has decided to relocate some of its operations from Norway to London. Gearbulk (UK) Limited, the UK agent for the Group, will be in operation from 1st August 1993, initially with about 80 employees, located in N. Surrey.

# FINANCIAL ANALYST

**Competitive Salary + Package** **N. Surrey**

As part of its financial budgeting, analysis and reporting function, the Company needs to appoint a Financial Analyst to report to the Finance Manager. This post requires a qualified accountant with 3-5 years experience in the field of accounting, finance, budgeting and analysis. Ideally the selected applicant will have a background in automated accounting and the development of management database systems. Computer literacy is essential, and a working knowledge of Microsoft Word and Excel would be very useful.

In addition to professional competence, Gearbulk will be looking to appoint an individual who can demonstrate high levels of self-motivation and flexibility, and who will be comfortable with a changing and progressive environment. This is a demanding, commercial opportunity, offering the right person excellent rewards and scope for considerable personal development in a challenging international organisation.

Gearbulk prefers non-smokers.

**Interested applicants should apply in writing, with a full CV and salary details to John Ingamells at Mercuri Urval, Spencer House, 29 Grove Hill Road, Harrow, Middlesex HA1 3BN, quoting reference. JI/GB/12.**

Mercuri Urval

## HEAD OF FINANCE/PARTNERSHIP SECRETARY

**UP TO £45,000** **COVENT GARDEN** **AGED 30-45**

**The Firm**

Wedlake Bell is a well established 31 partner firm of solicitors with a principal office in Covent Garden. As a result of management changes, we are seeking a Chartered Accountant to join our administrative team reporting directly to the newly appointed Managing Partner.

**The Post**

Responsibility for:-

- management of the Cashiers Department (present staff 7) including credit control and debt collection;
- management of all accounting procedures and compliance with all regulations;
- preparation of monthly management accounts and year end figures;
- budgeting and forecasting; and
- partnership secretarial support for the Managing Partner.

**The Person**

Will possess:

- a chartered accountancy qualification;
- working knowledge of Solicitors' Accounts Rules;
- skills and experience in information technology;
- drive and enthusiasm; and
- commercial awareness.

Please forward your Curriculum Vitae in strict confidence to:-

Mr Robert D Sutter
Managing Partner
Wedlake Bell
16 Bedford Street
LONDON WC2E 9HF

Closing date for applications: 27th May 1993.

Wedlake Bell

# Financial Director

(Designate)

Hardepool — To £35K plus car and benefits

Our client is the UK's largest independent distributor of welding supplies operating predominantly in North East England and Scotland through 8 branches. Projected annual turnover for 1993/1994 is c.£15m.

Following recent operational and organisational restructuring, it now wishes to strengthen its Board with the appointment of an experienced, commercially orientated Financial Director (designate). Reporting to the Managing Director, the appointee will play a pivotal role in the future success and development of the company through the provision of high quality financial advice across all business activities.

Principal aspects of the role will include:

- *Complete responsibility for the production and interpretation of financial/management accounts, budgetary control and cash management.*
- *Liaison with external organisations including Investors, Banks and Auditors.*
- *Continued development of integrated financial/management accounting and information systems.*
- *Provision of general financial advice and information on business development initiatives.*
- *Control and development of Finance, Data Processing and Administration functions.*

The ideal candidate will be a graduate, qualified accountant (ACA/ACMA) with at least 5 years post qualification experience in a manufacturing/distribution environment.

Candidates for this extremely demanding position will possess the confidence and maturity needed to impact on business performance and the potential to assume further responsibility in the future.

Please reply in confidence enclosing a full CV and quoting reference M/216 to David Adrian.

McKENZIE GRANT
SELECTION & SEARCH

1 The Embankment,
Neville Street,
Leeds LS1 4DW.

**The Top Opportunities Section**

appears every Wednesday

For advertising information call:

**Clare Peasnell**
**071 873 4027**

**Elizabeth Arthur**
**071 873 3694**

# EUROPEAN CONTROLLER

**ESSEX** **C. £30,000 + CAR**

Reporting to the Finance Director you will provide pro-active, high profile financial support, to two subsidiary companies covering the European markets, involving approximately 35% travel between Germany and France. Fluency in German and a knowledge of French is therefore essential.

Your prime responsibility in the first instance will be to evaluate existing systems and procedures, ensuring adequate controls are in place to provide management with quality financial information.

To achieve this you will need to adopt a 'hands on', pragmatic approach, working closely with the UK and European management teams. You will be responsible for preparing annual profit plans, budgets, management accounts, year-end statutory accounts and cash flow projections. Knowledge of manufacturing and product costing is also important.

A qualified accountant, you will ideally have an FMCG background gained in a manufacturing environment and possess excellent communication, presentation and inter-personal skills.

If you feel you have the strength of character to influence the success of the company's European operations, then please telephone or send a full CV to the company's advisor.

INTERACTION RECRUITMENT

Neil Jury, Interaction Recruitment, 1 City Road, Cambridge CB1 1DP
Tel: 0223-314988 Home: 0487-841804 Fax: 0223-322197

# KINGFISHER

Corporate Auditors

**CENTRAL LONDON** **£26,000 - £30,000 + CAR**

This highly profitable and expanding retail group which includes such household names as Woolworths, Superdrug, Comet and B & Q is looking for three auditors to add to its newly formed Corporate Audit department. The department will provide assurance to the board on the adequacy of commercial and financial control systems. The roles are London based involving travel to locations in and around the UK, with the possibility of European travel in the future.

The ideal candidates will be graduates in their mid to late 20's, hold a professional accountancy qualification (ACA, ACMA, ACCA), and have experience in either internal or external audit, including computerised environments.

The ability to work unsupervised and to play an active part in formulating and developing a successful audit plan is essential. Successful recruits will also have excellent communication skills; being able to present findings at all levels, both in written form and orally. Emphasis will also be placed on the potential candidates' ability to pass on skills where necessary.

A hands on, "no nonsense" approach, proof of the required communication skills and an appreciation of the commercial impact of any findings, must accompany a good academic record.

Opportunities within the Group are outstanding. Kingfisher is committed to a policy of career development and successful candidates can expect promotion within 3 years.

For further information, please contact Lucy Bennell or Mark Gilbert ACA on 071 404 3155. Alternatively write, giving brief details, to the address below. All enquiries will, of course, be treated in the strictest confidence.

Alderwick Peachell
& PARTNERS LTD

Alderwick Peachell & Partners Limited, Recruitment Consultants, 125 High Holborn, London WC1V 6QA. Tel: 071-404 3155. Fax: 071-404 0140.

TELEWEST
COMMUNICATIONS GROUP LTD

## BUSINESS PLANNER

**Woking, Surrey** **To £32,000 + Car + Benefits**

Our client, TeleWest Communications Group Limited is a joint venture company between Telecommunications Inc. (TCI) and U S WEST, two US multi-million dollar turnover corporations. The Company is regarded as the UK market leader in the competitive cable television and telephony markerplace. They have continually achieved their budgets and are now poised for further rapid growth within this new and exciting industry.

TeleWest is seeking a commercially aware Business Planner to play a key part in the development of the business. Reporting to the Business Planning Manager, the main responsibilities of the role will encompass business plans, financing, budgets, forecasts, ad hoc modelling and analysis assignments.

You will probably, but not necessarily, be a graduate qualified accountant who possesses first class communication skills. This is a 'hands on' role which will require good financial modelling skills, an inquisitive and enquiring mind. Experience of structure finance and asset financing would be advantageous.

The position provides an exceptional opportunity within the head office of this young and progressive organisation for a committed professional who possesses both vitality and diligence.

For further information please contact Karen Heathfield on 0444 416636 or alternatively fax your CV to him on 0444 416002

PLEASE NOTE THAT ALL APPLICATIONS WILL BE FORWARDED TO HEATHFIELD HARGREAVES LTD.

HEATHFIELD HARGREAVES
LIMITED

Chaucer House, 6 Boltro Road, Haywards Heath, West Sussex RH16 1BB
Tel: 0444 416636 Fax: 0444 416002

**CENTRAL LONDON** **SALARY UP TO £50K + Car + EQUITY POTENTIAL**

## FINANCIAL DIRECTOR

Our client is a dynamic creative communications business. Following a recent management buy-out they are looking to recruit a Financial Director to play an integral part in their highly committed management team.

The successful candidate will focus on increasing profitability and will be entirely responsible for the company's finance function including implementation of an integrated IT system.

In addition to the preparation of statutory accounts in a systems orientated environment, particular emphasis will be placed on aggressive cost control and strategic planning.

This is an excellent opportunity for a qualified accountant in their 30's with at least four years post qualification experience in a commercial environment. It is essential that the candidate is able to work with an open mind, as part of a small multidisciplinary team.

Enthusiastic candidates with proven ability should apply in writing with extensive C.V. quoting reference: CP/MM1 to Marion MacLeod.

1 Park Place, Canary Wharf, London E14 4HJ

LITTLEJOHN FRAZER
CHARTERED ACCOUNTANTS

## FINANCIAL CONTROLLER

**£30-£35K + Car + Benefits** **West London**

Our client, who sells a household named product, is entrepreneurial, progressive and operates with a compact head office team.

To accommodate the development and expansion of the business world-wide, the group wishes to appoint a Financial Controller who:

- Is a qualified accountant with a record of success in a direct line management;
- Can show commitment and enthusiasm for this demanding role; and
- Is capable of making a significant contribution to the business.

Reporting directly to the managing director the Financial Controller's responsibilities involve the development and management of the entire financial accounting, systems development, management accounts production and forecasting.

To succeed in this role you will need to have:

- Strong technical skills coupled with commercial flair;
- The ability to work to demanding timetables through organisation, control and motivation of a small capable departmental team;
- A mature and disciplined work attitude with commitment to achieving timely and high quality results; and
- Excellent communication skills.

Interested applicants should write with a comprehensive CV to David W Breger at H W Fisher & Company, Acre House, 11-15 William Road, London NW1 3ER.

# Finance Director

THAMES VALLEY • CIRCA £30,000 + BONUS + CAR

**Part of a substantial international group, our client is a European market leader in the design and manufacture of engineered products. Strong management and emphasis on quality have combined to provide the basis for significant expansion this year.**

Reporting to the Managing Director, the successful candidate will take full responsibility for the financial direction of this division, and be closely involved in all major business decisions. Priorities will include development of management reporting, budgeting, costing and control procedures; together with positive staff development, improved communications and a heightened profile for the finance function.

Aged 30-45, candidates should be PC literate, qualified accountants with a knowledge of computerised standard costing systems, familiarity with group reporting and a record of achievement in a multi-site manufacturing environment. Previous experience of the engineering sector and a European language are desirable.

Interested applicants should send a detailed CV or ring for an application form on 0625 533364 (24 hours) quoting reference 2083/FT.

WICKLAND WESTCOTT

HUMAN RESOURCE CONSULTANTS

*Emerson Court, Alderley Road, Wilmslow, Cheshire SK9 1NX*
*Telephone (0625) 532446*

## APPOINTMENTS WANTED

## FINANCIAL CONTROLLER

**Brussels**

Expanding service company seeks Qualified Accountant with at least three years post qualification experience.

You will be computer literate with good spreadsheet knowledge, ideally using Sun Accounts and Excel. Knowledge of languages is an advantage.

Interested applicants should send a detailed C.V. to: **Rudolf Lobo, Finance Director, Regus, Besseveldstraat 25A, 1831 Diegem, Belgium. Tel: +32 2 716 4700**

## FINANCE MANAGER - GERMANY

**DM 100 - 115000**

Our client is a subsidiary of a major industrial group based in Germany. Filling the number one finance role, you will be expected to provide the MD and salesforce with strong commercial input as well as run the finance function. A UK qualification and fluency in German are essential. *Ref: FMG.*

For further information please contact John Bowman at FSS Europe on 071 387 5400 (eves 0474 874473) or write to him at Drayton House, Gordon Street, London WC1H 0AN, Fax 071 388 0857.

## FINANCE DIRECTOR

**(AGE 39) F.C.A.**

12 yrs Multinational experience (8 years in France/Belgium) with UK/US Blue-chip Co.s, 6yrs "Big-Six" Audit experience. Currently based South of France, seeks new challenge in Monaco, Nice or Sophia. Also willing to relocate and/or carry out projects elsewhere in France. Fluent French.

Write to Box A4971, Financial Times, One Southwark Bridge, LONDON SE1 9HL
or fax: 010 33 92 93 08 56

## YOUR BRIT IN ZURICH

Financial control professional with many years varied multi-nationals experience, resident near Zurich, with Swiss & EC passports, desires a challenging, permanent position in the finance field.

Prepared to travel extensively in a roving role.

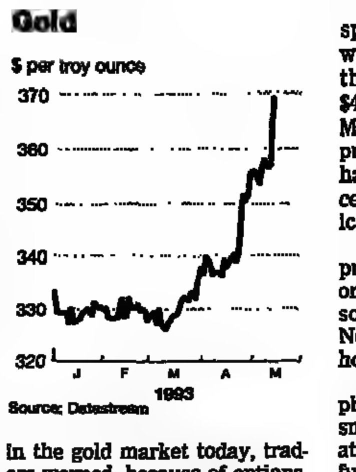
*Write to Box A1058, Financial Times, One Southwark Bridge, London SE1 9HL*

# Gold price soars to 17-month high

By Kenneth Gooding, Mining Correspondent

FRENZIED BUYING yesterday re-ignited the fire started in the gold market by high-profile investors Sir James Goldsmith and Mr George Soros. The price soared in London by nearly 3.5 per cent to US$369.15 a troy ounce, its highest level for 17 months. Gold started 1993 at a seven-year low of $327 an ounce.

"The market is explosive. It has lost contact with reality," said one dealer. "You have to admire what Goldsmith and Soros have achieved with their incredible hype. But Americans think those guys can walk on water."




There might be more turmoil in the gold market today, traders warned, because of options-related activity on the New York Commodity Exchange.

Gold's upward surge was sparked three weeks ago by well-orchestrated revelations that Mr Soros had bought $400m of shares in Newmont Mining, the largest US gold producer, from Sir James who had turned some of the proceeds into options to buy physical gold.

Since then the price of gold price has risen by $25 an ounce or 7 per cent and Sir James has sold another 9.5 per cent of Newmont, leaving his personal holding at 19 per cent.

Traders pointed out that the physical gold market was so small that, once it began to attract money from investment funds and other big investors, "there is nowhere for the price to go but north."

"It will all end in tears but in the very short term the weight of fund buying and buying to cover positions by those people who have granted options can push gold prices up to virtually any level. It is merely a function of the weight of money," said Mr Ted Arnold, analyst at the Merrill Lynch financial services group.

Mr Andy Smith, analyst at the Union Bank of Switzerland, pointed out that the rally was inspired by futures and options activity while buying of physical gold was dropping steeply. He "guestimated" that the first 10 per cent rise in gold's price had knocked 400 tonnes off Middle East demand. "But that has not stopped bull markets in the past."

# Rabbi's blessing worries regulator

**Kevin Brown** in Sydney and **Nikki Tait** in New York report on the mystery surrounding an Australian mining share's price surge

THE AUSTRALIAN Securities Commission is investigating whether the pronouncements of a 91-year old New York rabbi played a role in a share buying spree that raised the market value of a small mining company from A$200m to A$1bn in less than a month.

The commission also wants to know why a diamond strike described as "significant" by Melbourne-based Great Central Mines is judged uneconomic by its joint venture partner, Stockdale Prospecting, a subsidiary of De Beers, the South African mining house.

Australian regulators became interested in Great Central when its share price rose sharply in March, during a series of US "roadshow" presentations by Mr Joseph Gutnick, the chairman. The company's American Depositary Receipts had just begun trading on the Nasdaq over-the-counter exchange.

The ADR price rose from US$5 on March 10, when Mr Gutnick arrived in the US, to about $14 on March 29. The price boom was paralleled in Australia, where the shares soared from A$4.45 to A$18, mostly on overseas buying.

Even by the speculative standards applied to exploration companies, the valuation appeared generous. Great Central, which has no significant operating income, made a net loss of A$3.9m last year on turnover of just A$1.2m.

However, the identity of the buyers remains something of a mystery, as is the reason behind the sudden surge in demand.

One colourful explanation that has surfaced in the US and Australia is that the buyers were Lubavitcher Jews impressed by a video recording in which Rabbi Menachem Mendel Schneerson says that gold is there for Mr Gutnick and urges continued exploration.

Rabbi Schneerson is the Russian-born leader of the ultra-orthodox Lubavitcher sect, based in the Crown Heights district of New York. The movement has a world-wide following of about 200,000, and the Rabbi's words – disseminated by a large publishing organisation – carry great weight among Lubavitchers. Some regard him as a messiah.

But there are two serious flaws in the theory that the video recording triggered the surge in demand for the shares:

- The Rabbi's friendship with Mr Gutnick had been public knowledge among Lubavitchers since at least 1987, and the video is several years old. It is not clear why it should suddenly prompt a buying spree.
- The video appears not to have been shown at Great Central's roadshows, and the Rabbi's endorsement was not a major feature. Mr Herb Lanzet, the New York-based public relations man who arranged the four-city tour, says he did not see the "rabbi video" until later, although a separate "corporate video" was produced for investors.

If the buyers were not zealous Lubavitchers, who were they? Efforts to market the stock seem initially to have been confined to a select few. In Denver, for example, none of the top brokerage houses were invited, nor were the local gold-mining trade association or big institutional investors.

Mr Roger May, of a small broking house called Schneider Securities, did receive a telephone call from Mr Lanzet, who was known to his firm, and a visit from Mr Gutnick. But Mr May says that Great Central's two-man presentation, made in Schneider's offices, was "no real hype".

Mr May bought ADRs for several accounts at US$5.37½, which were then sold at US$12. "Herb and Paul [Mr Lanzet's assistant] said it was a good thing," he says.

According to Mr Gutnick, the roadshows were designed to present Great Central as a serious exploration company with significant prospects in both gold and diamond mining.

No-one disputes that Great Central has a knack for discovering gold mines. Five years ago it found and then sold the Plutonic deposit in Western Australia, which produces 200,000 ounces of gold a year. Now it is evaluating another discovery at nearby Bronze Wing.

But there is controversy about Great Central's claim to have found a promising diamond deposit on land at Nabberu, not far from Bronze Wing, where it has a joint exploration arrangement with Stockdale.

Great Central told the Australian Stock Exchange last month that "four fine diamonds" had been discovered in what it had earlier described as a "major diamond bearing. . . province".

A few days later, trading in the shares was temporarily suspended at the company's request, pending the release by Stockdale of an evaluation report requested by the exchange. When it came, the report said the joint venture had found kimberlites (diamond bearing rock formations), but "none. . . has, thus far, been demonstrated to have economic potential".

Mr Gutnick, who says the company has never claimed anything more than a significant prospect at Nabberu, accuses Stockdale of playing down the significance of the diamond find to protect its own interests in the area.

"De Beers have a reputation for trying to discredit any joint venture partners that may be a threat to their monopoly," he says. "We are convinced there is a good chance that there is a good quality diamond mine there because de Beers has told us that."

Stockdale was reluctant to comment, but Mr Robert Danchin, exploration manager asks why the company would play down the prospects of a potential mine in which it is a joint venturer.

"I am heartily fed up with the whole business," he says.

Stockdale's bearish assessment of the diamond prospect has taken some of the steam out of the shares, but Great Central is still trading at about A$14, valuing the company at more than A$750m.

Mr Gutnick, meanwhile, is plainly unfazed by the sudden publicity surrounding his company. He has returned to the US, where he is conducting a second "road-trip". Accompanied by Great Central's geologist and an outside gem specialist, he has visited Florida, Atlanta, St Louis and is now heading on for Chicago – the second visit to the Windy City. This time, Great Central's ADRs have behaved more sedately, fluctuating around the US$10-mark.

# China's mine reform plan unveiled

By Tony Walker in Beijing

CHINA HAS unveiled plans to liberalise access to its mining sector for foreign companies in an effort to boost lagging minerals production.

A draft mining law was circulated this week at a conference in Beijing organised by China's Ministry of Geology and Mineral Resources and the United Nations as a step towards engaging international miners more closely in China's resource development.

But representatives of mining companies have given the draft a fairly lukewarm response. The requirement that foreign companies pay 20 per cent royalties on gold produced was described as "unrealistic" by one representative.

China, which has emerged as the world's largest gold consumer, has previously banned foreign involvement in the exploration and exploitation of its gold reserves; but now is anxious to tap foreign expertise and capital.

Vice minister Zhang Wenju told the conference that China had decided that exploitation of its minerals resources should be speeded up to keep pace with the country's high-speed economic growth, which was nearly 13 per cent last year and is expected to exceed 10 per cent this year.

Under the draft law, foreigners could explore either on their own or in partnership with Chinese organisations.

# Colombia tries to shore up sagging coffee market

By David Blackwell

COLOMBIA, THE world's second biggest coffee producer, yesterday tried to put a floor under the world's sagging coffee prices.

But many analysts were sceptical that the attempt was strong enough to have much effect. After opening more than 1.5 cents higher, the New York nearby arabica contract fell back to 58.80 cents a lb in late trading, just 0.40 ahead. In London, the July robusta contract tested the $900 barrier again, but closed at $881, a rise of just $6 on the day.

The markets had expected something from Colombia but appeared to be disappointed at the action taken. The country has set an effective floor of 60 cents a lb, below which it will not sell coffee.

"We were expecting them to say they would not sell unless the price went up," said one analyst yesterday. "Instead they have said they will not sell if the price falls further. It's an anti-climax."

London traders said the market had not even moved above its recent narrow trading range. "Colombia doing something on a unilateral basis does not preclude other countries selling into any rally," one pointed out.

Mr Lawrence Eagles, analyst with GNI, the London futures broker, said the Colombians had very little coffee left to shift, demand was low in the run-up to the northern summer and western consumer stocks were high. "If they had done this last November it might have been a different story."

E.D.& F. Man, the London broker, this week pointed out that Colombian exports in the last two months had fallen to 1.2m bags (60 kgs each) compared with an average 1.5m bags in the first five months of 1992-93. Man also put world consumer stocks at 20.5m bags – a level equal to the previous peak last September.

Mr Eagles believed high stocks and an expected increase in Brazil's crop would be enough to push the nearby New York contract back below 50 cents this summer. Last year the market hit a low of 48.10 cents a lb in August.

African, Caribbean and Pacific developing countries are to seek European Community help to revive international cocoa and coffee pacts, Reuter reports from Brussels.

The recent collapse of talks on a new world coffee pact followed the failure of negotiations on a new cocoa accord with a witholding scheme to support prices. "Prices have plummeted since the talks collapsed. . . we are trying to enlist EC support to revive the accords," General Ghebray Berhane, ACP secretary, said yesterday. The ACP states begin a two-day ministerial meeting in Brussels on Monday.

ACP officialss said the loss in cocoa and coffee export earnings since 1985 was equal to the Ecu20bn (£15.75bn) of aid provided under the third and fourth Lomé Conventions, (1985-90) and (1990-2000), linking the EC with 69 ACP countries.

# Windwards banana earnings down 20%

By Canute James in Kingston

THE WINDWARD Islands, the main source of bananas imported by Britain, exported 12 per cent less of the fruit in the first quarter of this year and earnings fell by 20 per cent to US$23.9m, according to the Banana Growers Association.

Exports by the four islands (St Lucia, St Vincent, Dominica and Grenada) totalled 64,300 tonnes in the first quarter, with shipments from St Lucia, the largest producer in the group, falling to 27,700 tonnes.

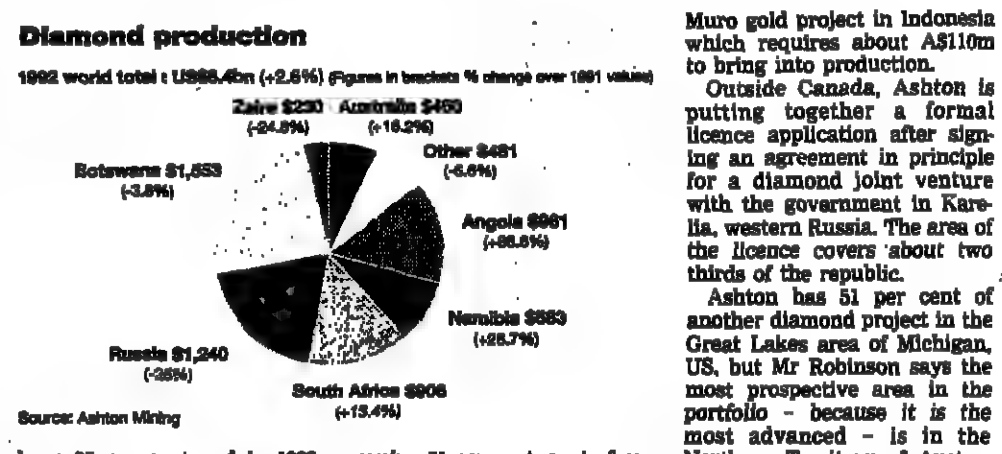
# Explorers get set for diamond rush

By Kenneth Gooding,

THE HANDFUL of companies with diamond mining expertise have been deluged with inquiries and proposals in the past year following the excitement generated by discoveries in Canada's North West Territories.

Ashton Mining, the Australian company with a 40.1 per cent stake in the Argyle diamond mine, the western world's biggest producer in volume terms, has had more than a dozen offers to analyse, says Mr John Robinson, chief executive. "The renewed interest in diamond exploration has flushed out many opportunities and we have been putting them through a stringent screening process."

Mr Robinson, insists that, if all the exploration activity produces a new diamond mine, it would not destabilise the market. He points out that world diamond output fell by 3 per cent in value to US$8bn last year and "production in Russia is falling, Zaire's output is down 25 per cent and in 1993 there has been only a trickle of diamonds from Angola".




Ashton has settled on three projects in Canada: the Lupin joint venture in the Northwest Territories where Ashton has the right to buy 51 per cent of a project covering 6,300 square km (2,400 square miles) in the Slave Lake province from Pure Gold Resources; some 15,500 sq km in the Peace River district of Alberta, where Ashton is earning 51 per cent, again from Pure Gold Resources; and the James Bay venture in Ontario where Ashton can earn 51 per cent from KWG Resources.

Mr Robinson says that all this activity has forced Ashton into an abrupt switch of emphasis away from gold, in which it was getting more involved, and towards diamonds. Consequently, the company is to reduce its 90 per cent shareholding in the Mt Muro gold project in Indonesia which requires about A$110m to bring into production.

Outside Canada, Ashton is putting together a formal licence application after signing an agreement in principle for a diamond joint venture with the government in Karelia, western Russia. The area of the licence covers about two thirds of the republic.

Ashton has 51 per cent of another diamond project in the Great Lakes area of Michigan, US, but Mr Robinson says the most prospective area in the portfolio – because it is the most advanced – is in the Northern Territory of Australia where the company has a 67.7 per cent interest. Samples from the Merlin prospect in the area last year produced 20 commercial size diamonds, one in four of them of gem quality and the largest of 2.44 carats.

The Argyle mine's output this year is forecast to be close to the record 39m carats produced last year, says Mr Robinson, who is in London to talk to institutional investors.

## WORLD COMMODITIES PRICES

### MARKET REPORT

COPPER built on another solid performance at the LME, ending firmer. On chart grounds, the rally should at least be maintained up to $1,910-$1,920 a tonne, dealers said. There is little fundamental justification for much further on the upside, although dips are likely to find increased buying interest. London COCOA staged a key upside reversal boosted by the weakness of sterling and some speculative buying in New York. However, dealers noted that some origin selling interest appeared to be emerging, with Ghana said to be hovering around the market. Chicago SOYABEANS resumed Wednesday's weak posture as funds and speculators continued to liquidate long positions, traders said. A large grain firm estimated soyabean acreage would increase to 60m acres, 600,000 acres higher than the USDA's estimate, as rains were hampering maize plantings. New York frozen concentrated ORANGE JUICE futures were down in early trading after three straight sessions of gains amid speculation of a smaller Brazil crop. Brazil reduced its estimate for the 1993-94 orange crop to 282m boxes from a preliminary estimate of 292.8m boxes.

Compiled from Reuters

### London Markets

**SPOT MARKETS**

| Crude oil (per barrel FOB)(May) | | + or - |
|---|---|---|
| Dubai | $16.12-6.16u | -.245 |
| Brent Blend (dated) | $18.69-8.73 | -.160 |
| Brent Blend (Jun) | $18.87-8.91 | -.160 |
| W.T.I (1 pm est) | $20.04-0.06u | -.280 |
| **Oil products** (NWE prompt delivery per tonne CIF | | + or - |
| Premium Gasoline | $213-215 | -2 |
| Gas Oil | $174-175 | -4.5 |
| Heavy Fuel Oil | $73-74 | -3 |
| Naphtha | $184-186 | -1 |
| Petroleum Argus Estimates | | |
| **Other** | | + or - |
| Gold (per troy oz)♣ | $369.15 | +12.0 |
| Silver (per troy oz)♣ | 453.5c | +24.0 |
| Platinum (per troy oz) | $385.75 | +6.85 |
| Palladium (per troy oz) | $122.60 | +2.35 |
| Copper (US Producer) | 88.0c | +1.0 |
| Lead (US Producer) | 34.00c | |
| Tin (Kuala Lumpur market) | 14.17r | -0.08 |
| Tin (New York) | 259.5c | -0.5 |
| Zinc (US Prime Western) | 62.0c | |
| Cattle (live weight)† | 141.36p | +0.38* |
| Sheep (live weight)†♠ | 133.93p | +0.50* |
| Pigs (live weight)† | 90.74p | +0.48* |
| London daily sugar (raw) | $307.5 | +0.7 |
| London daily sugar (white) | $301.0 | +3.0 |
| Tate and Lyle export price | £314.0 | +1.5 |
| Barley (English feed) | £113.0 | |
| Maize (US No. 3 yellow) | £168.5 | |
| Wheat (US Dark Northern) | Unq | |
| Rubber (Jun)♥ | 57.50p | |
| Rubber (Jul)♥ | 57.75p | |
| Rubber (KL RSS No 1 May) | 209.0m | |
| Coconut oil (Philippines)§ | $427.5y | +10.0 |
| Palm Oil (Malaysian)§ | $372.5u | +2.5 |
| Copra (Philippines)§ | $272.5 | +2.5 |
| Soyabeans (US) | £175.0u | -1.5 |
| Cotton "A" index | 60.60c | -0.10 |
| Wooltops (64s Super) | 378p | +3.0 |

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Aug/Sep u-Jun . z-Apr/May v-May ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.♠Sheep prices are now live weight prices * change from a week ago, provisional prices.

**SUGAR – London FOX** ($ per tonne)

| White | Close | Previous | High/Low |
|---|---|---|---|
| Aug | 311.20 | 306.00 | 311.00 306.00 |
| Oct | 304.50 | 299.00 | 304.00 298.00 |
| Mar | 301.90 | 298.20 | 299.00 |

White 1569 (1004) Paris- White (FFr per tonne): Aug 1697.04 Oct 1659.51

**CRUDE OIL – IPE** $/barrel

| | Latest | Previous | High/Low |
|---|---|---|---|
| Jun | 18.83 | 18.97 | 19.02 18.80 |
| Jul | 18.79 | 18.92 | 18.97 18.77 |
| Aug | 18.85 | 19.03 | 19.05 18.85 |
| Sep | 18.94 | 19.12 | 19.10 18.94 |
| Oct | 19.03 | 19.18 | 19.10 19.03 |
| Dec | 19.15 | 19.26 | 19.20 19.15 |
| Jan | 19.10 | | 19.17 19.10 |
| Feb | 19.06 | | 19.06 19.06 |
| IPE Index | 19.09 | 19.05 | 19.09 19.09 |

Turnover 31000 (32513)

**GAS OIL – IPE** $/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Jun | 173.00 | 177.25 | 176.25 173.00 |
| Jul | 173.50 | 176.25 | 175.50 173.25 |
| Aug | 175.00 | 177.50 | 176.75 175.00 |
| Sep | 176.75 | 178.75 | 178.00 176.75 |
| Oct | 179.75 | 181.75 | 181.00 179.50 |
| Nov | 181.75 | 183.50 | 182.75 181.50 |
| Dec | 183.50 | 185.25 | 184.00 183.25 |
| Jan | 184.00 | 185.50 | 184.75 183.50 |

Turnover 16648 (15829) lots of 100 tonnes

**FRUIT & VEGETABLES**

Bananas are a great fruit buy this week at 45-55p a lb (45-55p), along with Cape Golden Delicious apples at 40-45p a lb (40-50p). Spanis Strawberries at 55-60p per 8oz punnet (70-80p), and Galia melons at £1.00-1.40 each are also worth looking out for. As supplies of Jersey Royal new potatoes increase the price has decreased to 25-45p a lb (55-80p). English cauliflower at 45-60p each (50-60p) and breakfast mushrooms at 50-60p a ½ lb (50-60p) round off the best veg buys. Chinese leaves at 75-80p a lb (75-80p), Canary island tomatoes at 50-60p a lb (55-60p) and Round lettuce at 30-35p each (35-45p) are all good salad buys.

**COCOA – London FOX** £/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| May | 653 | 651 | 650 646 |
| Jul | 683 | 674 | 683 670 |
| Sep | 699 | 688 | 699 685 |
| Dec | 717 | 706 | 719 700 |
| Mar | 735 | 729 | 736 727 |
| May | 750 | 744 | 751 744 |
| Jul | 764 | | 764 757 |
| Sep | 781 | 774 | 784 775 |
| Dec | 800 | 787 | 802 797 |
| Mar | 822 | | 827 821 |

Turnover: 9684 (7310) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for May 13 701.04 (711.47) 10 day average for May 12 716.81 (718.98)

**COFFEE – London FOX** $/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| May | 876 | 866 | 888 884 |
| Jul | 882 | 875 | 889 868 |
| Sep | 881 | 877 | 898 876 |
| Nov | 891 | 890 | 907 888 |
| Jan | 901 | 898 | 914 895 |
| Mar | 910 | 904 | 920 912 |
| May | 918 | 915 | 915 |

Turnover: 5026 (821) lots of 5 tonnes
ICO indicator prices (US cents per pound) for May 12 Comp. daily 52.32 (53.09) 15 day average 52.90 (52.73)

**POTATOES – London FOX** £/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Apr | 95.9 | 94.8 | 96.0 94.5 |

Turnover 39 (71) lots of 20 tonnes.

**SOYABEAN – London FOX** £/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Oct | 146.00 | - | - 146.00 |

Turnover 50 (25) lots of 20 tonnes.

**FREIGHT – London FOX** $10/index point

| | Close | Previous | High/Low |
|---|---|---|---|
| May | 1605 | 1590 | 1610 1600 |
| Jun | 1488 | 1476 | 1490 1480 |
| Jul | 1340 | 1320 | 1345 1329 |
| Oct | 1422 | 1415 | 1425 1420 |
| Jan | 1451 | | 1451 1450 |
| Jul | 1300 | | 1300 |
| BFI | 1581 | 1576 | 1581 |

Turnover 355 (191)

**GRAINS – London FOX** £/tonne

| Wheat | Close | Previous | High/Low |
|---|---|---|---|
| May | 141.15 | 140.70 | 140.70 140.50 |
| Jun | 141.00 | 140.55 | 140.80 140.20 |
| Sep | 107.90 | 107.90 | 108.00 |
| Nov | 109.85 | 109.75 | 109.80 109.75 |
| Jan | 112.60 | | 112.75 |
| Mar | 115.20 | 115.25 | 115.30 |
| May | 117.65 | 117.75 | 118.00 117.75 |
| **Barley** | **Close** | **Previous** | **High/Low** |
| May | 136.00 | 136.00 | |

Turnover: Wheat 418 (241), Barley 1 (2).
Turnover lots of 100 Tonnes.

**PIGS – London FOX** (Cash Settlement) p/kg

| | Close | Previous | High/Low |
|---|---|---|---|
| May | 114.7 | 114.7 | 114.8 |
| Jun | 107.4 | | 107.5 |
| Sep | 100.5 | | 101.0 |

Turnover:5 (3) lots of 3,250 kg

**LONDON METAL EXCHANGE** (Prices supplied by Amalgamated Metal Trading)

| | Close | Previous | High/Low | AM Official | Kerb close | Open Interest |
|---|---|---|---|---|---|---|
| **Aluminium, 99.7% purity ($ per tonne)** | | | | | | Total daily turnover 32,640 lots |
| Cash | 1128.5-9.5 | 1122.5-3.5 | 1136.5 | 1136-6.5 | | |
| 3 months | 1151.5-2.5 | 1145.5-6.0 | 1164/1148 | 1157-8 | 1149-50 | 182,079 lots |
| **Copper, Grade A (£ per tonne)** | | | | | | Total daily turnover 76,516 lots |
| Cash | 1213-4 | 1176-7 | | 1211.5-2.5 | | |
| 3 months | 1230-1 | 1192-3 | 1236/1227 | 1228.5-9.5 | 1234-4.5 | 301,883 lots |
| **Lead (£ per tonne)** | | | | | | Total daily turnover 2,559 lots |
| Cash | 266.5-7.5 | 265-7 | 266.5 | 266.5-7.0 | | |
| 3 months | 276-7 | 275.5-6.0 | 276.5/275.5 | 275.5-6.0 | 275.5-6.0 | 20,238 lots |
| **Nickel ($ per tonne)** | | | | | | Total daily turnover 9,834 lots |
| Cash | 5890-900 | 5920-30 | 5870 | 5870-75 | | |
| 3 months | 5935-55 | 5985-95 | 5985/5935 | 5946-7 | 5985-90 | 60,542 lots |
| **Tin ($ per tonne)** | | | | | | Total daily turnover 1,249 lots |
| Cash | 5560-70 | 5590-600 | | 5555-60 | | |
| 3 months | 5620-30 | 5650-60 | 5640/5490 | 5615-20 | 5620-30 | 9,294 lots |
| **Zinc, Special High Grade ($ per tonne)** | | | | | | Total daily turnover 7,277 lots |
| Cash | 999-1000 | 1009.5-10. | 1005 | 1004-5 | | |
| 3 months | 1078-83 | 1026-30 | 1033/1015 | 1024.5-5.0 | 1020-1 | 63,297 lots |

LME Closing £/$ rates:
SPOT: 1.5255 3 months: 1.5153 6 months: 1.5049 9 months: 1.4985

**LONDON BULLION MARKET**
(Prices supplied by N M Rothschild)

| Gold (troy oz) | $ price | £ equivalent |
|---|---|---|
| Close | 369.00-369.30 | |
| Opening | 365.75-366.50 | |
| Morning fix | 367.00 | 239.79 |
| Afternoon fix | 367.00 | 240.39 |
| Day's high | 369.75-370.00 | |
| Day's low | 363.00-363.50 | |

**Loco Ldn Mean Gold Lending Rates (Vs US$)**

| | | | |
|---|---|---|---|
| 1 month | 2.54 | 6 months | 2.41 |
| 2 months | 2.51 | 12 months | 2.40 |
| 3 months | 2.47 | | |

| Silver fix | p/troy oz | US cts equiv |
|---|---|---|
| Spot | 295.70 | 452.00 |
| 3 months | 300.00 | 455.30 |
| 6 months | 304.55 | 459.15 |
| 12 months | 313.05 | 468.45 |

**GOLD COINS**

| | $ price | £ equivalent |
|---|---|---|
| Krugerrand | 367.50-370.50 | 240.00-242.00 |
| Maple leaf | 380.55-372.85 | - |
| New Sovereign | 87.50-90.50 | 57.00-59.00 |

**TRADED OPTIONS**

| Aluminium (99.7%) | Calls | | Puts | |
|---|---|---|---|---|
| Strike price $ tonne | Jun | Sep | Jun | Sep |
| 1125 | 43 | 60 | 20 | 24 |
| 1150 | 29 | 45 | 31 | 34 |
| 1175 | 19 | 35 | 46 | 47 |
| **Copper (Grade A)** | **Calls** | | **Puts** | |
| 1800 | 107 | 126 | 42 | 56 |
| 1850 | 79 | 99 | 63 | 78 |
| 1900 | 56 | 75 | 90 | 104 |
| **Coffee** | **Jul** | **Sep** | **Jul** | **Sep** |
| 850 | 50 | 72 | 18 | 41 |
| 900 | 24 | 48 | 42 | 67 |
| 950 | 10 | 32 | 78 | 101 |
| **Cocoa** | **Jul** | **Sep** | **Jul** | **Sep** |
| 700 | 13 | 34 | 30 | 35 |
| 725 | 7 | 26 | 49 | 51 |
| 750 | 3 | 17 | 70 | 68 |
| **Brent Crude** | **Jun** | **Jul** | **Jun** | **Jul** |
| 1850 | - | 50 | - | 16 |
| 1900 | 6 | 22 | 4 | - |
| 1950 | - | - | - | 63 |

### New York

**GOLD 100 troy oz.; $/troy oz.**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 368.7 | 361.2 | 368.0 | 368.0 |
| Jun | 369.3 | 361.9 | 373.0 | 367.3 |
| Jul | 370.3 | 362.7 | 370.0 | 368.0 |
| Aug | 371.2 | 363.6 | 375.0 | 369.0 |
| Oct | 372.9 | 365.3 | 375.6 | 371.0 |
| Dec | 374.5 | 366.9 | 379.0 | 373.5 |
| Feb | 376.1 | 368.4 | 377.1 | 374.2 |
| Apr | 377.7 | 370.0 | 378.5 | 377.0 |
| Jun | 379.3 | 371.6 | 382.7 | 378.0 |

**PLATINUM 50 troy oz; $/troy oz.**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jul | 391.8 | 385.5 | 397.0 | 388.0 |
| Oct | 390.1 | 384.0 | 395.5 | 387.5 |
| Jan | 389.4 | 383.5 | 395.0 | 388.0 |
| Apr | 389.1 | 383.2 | 390.0 | 390.0 |

**SILVER 5,000 troy oz; cents/troy oz.**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 446.0 | 437.1 | 457.0 | 448.0 |
| Jun | 446.8 | 437.9 | 0 | 0 |
| Jul | 448.0 | 439.2 | 459.5 | 446.0 |
| Sep | 451.0 | 442.0 | 463.0 | 450.0 |
| Dec | 455.4 | 446.2 | 467.5 | 453.0 |
| Jan | 456.0 | 446.7 | 0 | 0 |
| Mar | 459.9 | 450.5 | 470.0 | 457.0 |
| May | 462.9 | 453.3 | 471.0 | 461.5 |
| Jul | 466.2 | 456.4 | 472.5 | 466.0 |
| Sep | 469.6 | 459.8 | 473.0 | 471.0 |

**HIGH GRADE COPPER 25,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 82.75 | 81.65 | 83.70 | 82.05 |
| Jun | 82.90 | 81.95 | 83.30 | 82.90 |
| Jul | 83.10 | 82.25 | 84.10 | 82.30 |
| Aug | 83.40 | 82.50 | 84.05 | 84.05 |
| Sep | 83.65 | 82.70 | 84.50 | 83.10 |
| Oct | 83.90 | 82.95 | 0 | 0 |
| Nov | 84.15 | 83.25 | 83.50 | 83.50 |
| Dec | 84.45 | 83.55 | 85.20 | 84.00 |
| Jan | 84.60 | 83.70 | 85.60 | 85.60 |
| Feb | 84.85 | 83.95 | 86.00 | 86.00 |

**CRUDE OIL (Light) 42,000 US galls $/barrel**

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Jun | 19.98 | 20.20 | 20.14 | 19.95 |
| Jul | 20.21 | 20.41 | 20.37 | 20.18 |
| Aug | 20.34 | 20.52 | 20.48 | 20.30 |
| Sep | 20.41 | 20.59 | 20.55 | 20.41 |
| Oct | 20.45 | 20.62 | 20.59 | 20.45 |
| Nov | 20.45 | 20.63 | 20.60 | 20.46 |
| Dec | 20.45 | 20.62 | 20.61 | 20.46 |
| Jan | 20.47 | 20.60 | 20.60 | 20.47 |
| Feb | 20.45 | 20.56 | 0 | 20.52 |
| Mar | 20.55 | 20.55 | 0 | 0 |

**HEATING OIL 42,000 US galls, cents/US galls**

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Jun | 54.50 | 55.14 | 55.15 | 54.40 |
| Jul | 55.05 | 55.61 | 55.65 | 54.95 |
| Aug | 55.80 | 56.21 | 56.20 | 55.60 |
| Sep | 56.70 | 57.19 | 57.20 | 56.60 |
| Oct | 57.65 | 58.14 | 58.15 | 57.65 |
| Nov | 58.75 | 59.04 | 59.15 | 58.75 |
| Dec | 59.55 | 59.92 | 60.00 | 59.50 |
| Jan | 59.90 | 60.32 | 60.45 | 59.90 |
| Feb | 59.65 | 60.02 | 60.25 | 59.80 |
| Mar | 58.70 | 58.57 | 58.75 | 58.40 |

**COCOA 10 tonnes;$/tonnes**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 872 | 870 | 882 | 862 |
| Jul | 905 | 902 | 908 | 887 |
| Sep | 932 | 928 | 936 | 918 |
| Dec | 969 | 968 | 974 | 958 |
| Mar | 1003 | 1003 | 1003 | 991 |
| May | 1026 | 1026 | 0 | 0 |
| Jul | 1046 | 1046 | 0 | 0 |
| Sep | 1067 | 1063 | 1068 | 1061 |
| Dec | 1097 | 1093 | 1094 | 1088 |
| Mar | 1132 | 1127 | 1126 | 1128 |

**COFFEE "C" 37,500lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 57.80 | 58.40 | 60.00 | 57.70 |
| Jul | 58.15 | 58.80 | 60.80 | 58.00 |
| Sep | 60.00 | 60.60 | 62.50 | 59.80 |
| Dec | 62.70 | 63.20 | 65.15 | 62.60 |
| Mar | 65.00 | 65.40 | 67.55 | 65.00 |
| May | 66.70 | 66.75 | 68.60 | 66.60 |
| Jul | 68.00 | 68.00 | 68.00 | 68.00 |
| Sep | 70.50 | 71.00 | 0 | 0 |

**SUGAR WORLD "11" 112,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jul | 12.68 | 12.50 | 12.90 | 12.45 |
| Oct | 12.51 | 12.25 | 12.52 | 12.26 |
| Mar | 11.56 | 11.36 | 11.57 | 11.36 |
| May | 11.45 | 11.21 | 11.45 | 11.24 |
| Jul | 11.35 | 11.18 | 0 | 0 |
| Oct | 11.38 | 11.21 | 0 | 0 |

**COTTON 50,000; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jul | 61.94 | 61.52 | 62.45 | 61.82 |
| Oct | 61.40 | 61.22 | 61.75 | 61.35 |
| Dec | 60.65 | 60.54 | 60.95 | 60.50 |
| Mar | 61.78 | 61.45 | 61.96 | 61.75 |
| May | 62.40 | 62.12 | 62.60 | 62.43 |
| Jul | 63.18 | 62.77 | 63.20 | 62.90 |
| Oct | 63.00 | 62.57 | 0 | 0 |

**ORANGE JUICE 15,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 102.00 | 103.40 | 102.60 | 101.75 |
| Jul | 104.00 | 105.60 | 105.30 | 103.10 |
| Sep | 106.50 | 108.30 | 107.70 | 106.20 |
| Nov | 108.40 | 109.10 | 109.25 | 108.25 |
| Jan | 110.10 | 111.50 | 111.45 | 110.00 |
| Mar | 111.70 | 113.25 | 112.60 | 111.50 |
| May | 111.70 | 113.25 | 0 | 0 |
| Jul | 111.70 | 113.25 | 113.50 | 112.00 |
| Sep | 111.70 | 113.25 | 0 | 0 |

**INDICES**

REUTERS (Base:September 18 1931 = 100)

| May 13 | May 12 | mnth ago | yr ago |
|---|---|---|---|
| 1671.2 | 1671.9 | 1666.2 | 1600.0 |

DOW JONES (Base: Dec. 31 1974 = 100)

| | May.12 | May.11 | mnth ago | yr ago |
|---|---|---|---|---|
| Spot | 119.99 | 119.74 | 120.29 | 118.85 |
| Futures | 121.63 | 120.67 | 123.31 | 119.66 |

### Chicago

**SOYABEANS 5,000 bu min; cents/60lb bushel**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 599/0 | 602/2 | 601/4 | 599/2 |
| Jul | 598/4 | 600/4 | 601/0 | 597/4 |
| Aug | 598/2 | 600/6 | 601/0 | 597/4 |
| Sep | 598/2 | 599/6 | 600/2 | 597/4 |
| Nov | 600/6 | 602/4 | 603/2 | 600/0 |
| Jan | 607/2 | 609/0 | 609/2 | 606/4 |
| Mar | 613/2 | 614/4 | 615/0 | 613/0 |
| May | 614/6 | 616/4 | 617/0 | 614/4 |

**SOYABEAN OIL 60,000 lbs; cents/lb**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 20.93 | 21.17 | 21.30 | 20.91 |
| Jul | 21.13 | 21.39 | 21.42 | 21.12 |
| Aug | 21.27 | 21.50 | 21.54 | 21.25 |
| Sep | 21.40 | 21.61 | 21.66 | 21.38 |
| Oct | 21.51 | 21.73 | 21.73 | 21.49 |
| Dec | 21.74 | 21.96 | 21.96 | 21.71 |
| Jan | 21.84 | 22.05 | 21.90 | 21.82 |
| Mar | 22.04 | 22.24 | 22.20 | 22.04 |

**SOYABEAN MEAL 100 tons; $/ton**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 192.5 | 192.4 | 192.8 | 191.8 |
| Jul | 190.5 | 190.7 | 190.8 | 189.9 |
| Aug | 189.8 | 190.0 | 190.2 | 189.2 |
| Sep | 189.7 | 189.7 | 190.2 | 189.3 |
| Oct | 190.1 | 190.8 | 190.5 | 189.6 |
| Dec | 191.3 | 191.0 | 191.9 | 191.0 |
| Jan | 192.0 | 192.4 | 192.0 | 191.7 |
| Mar | 192.1 | 193.0 | 193.0 | 192.0 |

**MAIZE 5,000 bu min; cents/56lb bushel**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 225/2 | 228/4 | 229/4 | 225/0 |
| Jul | 229/6 | 232/6 | 233/4 | 229/4 |
| Sep | 234/4 | 237/2 | 238/0 | 234/4 |
| Dec | 240/2 | 242/4 | 243/4 | 240/0 |
| Mar | 246/2 | 248/2 | 249/0 | 246/0 |
| May | 250/6 | 252/4 | 253/0 | 250/6 |
| Jul | 253/6 | 256/2 | 255/6 | 253/4 |
| Dec | 246/4 | 250/0 | 250/4 | 246/4 |

**WHEAT 5,000 bu min; cents/60lb-bushel**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 355/0 | 363/0 | 370/0 | 355/0 |
| Jul | 293/2 | 297/4 | 298/6 | 290/4 |
| Sep | 295/4 | 299/6 | 301/0 | 293/0 |
| Dec | 306/2 | 310/2 | 311/4 | 305/4 |
| Mar | 312/4 | 315/6 | 316/2 | 312/4 |
| Jul | 310/4 | 312/0 | 311/6 | 310/0 |

**LIVE CATTLE 40,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jun | 76.875 | 76.625 | 77.000 | 76.350 |
| Aug | 74.025 | 73.725 | 74.100 | 73.150 |
| Oct | 74.900 | 74.350 | 75.050 | 74.100 |
| Dec | 74.675 | 74.425 | 74.825 | 74.300 |
| Feb | 74.125 | 73.825 | 74.300 | 73.800 |
| Apr | 75.050 | 74.900 | 75.200 | 75.000 |
| Jun | 72.175 | 71.875 | 72.350 | 72.000 |

**LIVE HOGS 40,000 lb; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jun | 51.525 | 51.325 | 51.700 | 51.225 |
| Jul | 50.800 | 50.800 | 50.950 | 50.600 |
| Aug | 48.625 | 48.700 | 48.900 | 48.500 |
| Oct | 43.475 | 43.450 | 43.700 | 43.300 |
| Dec | 44.375 | 44.400 | 44.600 | 44.300 |
| Feb | 44.275 | 44.250 | 44.600 | 44.150 |
| Apr | 43.100 | 43.275 | 43.400 | 43.100 |
| Jun | 48.650 | 48.650 | 48.750 | 48.650 |

**PORK BELLIES 40,000 lbs; cents/lb**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 43.425 | 43.150 | 44.350 | 43.350 |
| Jul | 43.500 | 43.050 | 44.200 | 43.100 |
| Aug | 41.225 | 40.850 | 42.025 | 40.900 |
| Feb | 41.725 | 41.900 | 42.100 | 41.650 |
| Mar | 41.025 | 40.850 | 41.025 | 0 |
| May | 41.425 | 41.125 | 41.425 | 0 |

# Equities lower after uncertain session

By Terry Byland, UK Stock Market Editor

THE RECOVERY of confidence in the UK stock market was jolted yesterday by the turmoil in European currencies and a series of unfavourable economic data on the US economy. After edging higher at first, the London market crumbled away in late trading as Wall Street came in with a loss of around 30 Dow points in early deals. Downward pressure increased when a New York house sold bond futures strongly in London.

With sterling only slightly easier, the UK stock market was shielded from the worst of the developments in the currency markets. The Bundesbank's moves to discourage speculation of an impending cut in German interest rates calmed some of the optimism for a further reduction in UK base rates, which are now recognised as more closely linked to domestic political factors.

Equities opened firmly on the back of Wall Street's fresh advance overnight but soon topped out at Footsie 2,867.4 as tensions increased in the currency sector. The stock market quickly moved into negative territory and remained there for the rest of the day.

Attempts to rally, as successive hopes of interest rate cuts circulated before being choked off by the Bundesbank's actions in the German money markets, proved of limited success. Wall Street's reaction to economic data threatening inflationary pressure undermined London, which closed at the day's low in sharply increased trading volume.

The final reading showed the FT-SE 100 Index at 2,849.3 for a net loss of 11.5. But the focus on the Footsie-listed blue chips masked the continued rise in the FT-SE Mid 250 Index, which finished 6.9 ahead at 3,151.9, within three points of its closing peak. During the day, the Mid 250 broke through its previous closing high, reaching 3,156.8.

Share volume, boosted by heavy trade in Shell Transport following good first-quarter figures, rose to 797.6m from the 773.6m of the previous session. Non-Footsie stocks maintained their daily average of around 62 per cent of the Seaq total.

The rise in Shell was worth about 4 points on the Footsie on a weak day, and shares in BP were also busy. ICI, however, was much less active, with the share price finally pulled down by Wall Street's weakness.

Company statements from other sectors might have made more impact but for the underlying currency and transatlantic uncertainties. The stock market continues to look to Britain's boardrooms for testimony of economic recovery.

Property shares, the most recession/interest rate-sensitive area, responded strongly to higher net asset valuation figures and an increased dividend from Land Securities. But the broad range of consumer stocks made little response to results from Grand Metropolitan and Burton Group.

The revival of inflation fears in the US has followed comment in London that global markets could be open to a correction phase. Demand for gold and gold-related shares rose again yesterday, underlining suggestions in some quarters that investors might be looking for either cash or defensive instruments.

However, NatWest Securities maintained yesterday that the prospect of a "10 to 20 per cent worldwide correction" in equity markets still seems some way off.

## TRADING VOLUME IN MAJOR STOCKS

| | Volume 000's | Closing Price | Day's change |
|---|---|---|---|
| ASDA Group† | 11,000 | 85½ | -2 |
| Abbey National† | [illegible] | [illegible] | +3½ |
| Albert Fisher | 2,200 | 67 | +1 |
| Allied-Lyons† | 1,000 | 558 | -7 |
| Amstrad | 1,000 | 33 | |
| Anglian Water† | 1,500 | 492 | -2½ |
| Argos | 1,000 | 303 | +6 |
| Argyll Group† | 4,000 | 314 | -11 |
| Arjo Wiggins† | 2,700 | 184 | -2 |
| Ass. Brit. Foods† | 71 | 478 | -2 |
| Ass. Brit. Ports | 82 | 415 | +1 |
| BAA† | 418 | 750 | -5 |
| BAT Inds.† | 2,700 | 879 | -7 |
| BET | 2,100 | 104 | +1 |
| BICC | 679 | 372 | -8 |
| BOC† | 750 | 676 | -1 |
| BP† | 42,000 | 325 | +6½ |
| BPB Inds. | 878 | 234 | -2 |
| BT† | 9,200 | 404 | +1½ |
| BTR† | 2,400 | 584 | -5 |
| Bank of Scotland† | 6,300 | 138 | -1 |
| Barclays† | 2,000 | 430 | -6 |
| Bass† | 1,000 | 534 | -11 |
| Blue Circle† | 791 | 254 | -8 |
| Booker | 15 | 371 | |
| Boots† | 3,600 | 435 | |
| Bowater† | 2,800 | 466 | -5 |
| Brit. Aerospace | 1,900 | 317 | -8 |
| British Airways† | 5,600 | 289 | +8 |
| British Gas† | 6,600 | 287 | +1 |
| British Land† | 3,200 | 282 | +14 |
| British Steel† | 6,200 | 97¼ | +1½ |
| Bunzl | 652 | 133 | +2 |
| Burmah Castrol† | 425 | 722 | -4 |
| Burton | 12,000 | 85 | +4 |
| Cable & Wire.† | 2,500 | 718 | -4 |
| Cadbury Schweppes† | 905 | 465 | -3 |
| Calor Group | 186 | 248 | +6 |
| Carlton Comms.† | 746 | 719 | -8 |
| Coats Viyella† | 305 | 234 | |
| Comm. Union† | 758 | 588 | -8 |
| Cookson | 822 | 189 | -5 |
| Courtaulds† | 601 | 582 | -8 |
| Dalgety | 1,300 | 434 | -3 |
| De La Rue† | 188 | 873 | -1 |
| Dixons | 2,200 | 218 | -4 |
| Eastern Elec. | 668 | 463 | -2 |
| East Midland Elec. | 447 | 460 | -1 |
| Eng China Clays† | 248 | 435 | -4 |
| Enterprise Oil† | 958 | 486 | -4 |
| Eurotunnel Units | 348 | 394 | +14 |
| FKI | 20 | 134 | -½ |
| Fisons† | 1,500 | 172 | |
| Foreign & Col. I.T. | 585 | 223½ | -1 |
| Forte† | 841 | 189 | -4 |
| Gen. Accident† | 721 | 585 | -5 |
| General Elec.† | 3,700 | 313 | -3 |
| Glaxo† | 5,300 | 638 | -4 |
| Glynwed Int. | 1,000 | 308 | +3 |
| Granada† | 1,300 | 402 | +2 |
| Grand Met.† | 7,300 | 422 | -11 |
| GUS A† | 388 | 1628 | -2 |
| GRE† | 1,500 | 176 | -5 |
| GKN | 1,800 | 440 | -4 |
| Guinness† | 1,400 | 482 | -7 |
| HSBC (75p shs)† | 4,200 | 607 | +1 |
| Hammerson 'A' | 934 | 306 | +6 |
| Hanson† | 6,800 | 239½ | +2 |
| Hanson Warrants | 2,500 | 24¼ | -¼ |
| Harrisons Crosfield | 1,100 | 171 | +1 |
| Hillsdown | 2,500 | 154 | -3 |
| IMI | 688 | 290 | +2 |
| ICI† | 1,600 | 1279 | -5½ |
| Inchcape† | 1,600 | 584 | -18 |
| Johnson Matthey | 68 | 475 | +1 |
| Kingfisher† | 4,300 | 611 | +1 |
| Kwik Save† | 7,500 | 775 | -7 |
| Ladbroke† | 2,000 | 183 | -2 |
| Land Securities† | 5,200 | 551 | +6 |
| Laporte | 80 | 628 | -1 |
| Legal & General† | 695 | 457 | -6 |
| Lloyds Abbey | 847 | 440 | -6 |
| Lloyds Bank† | 1,900 | 534 | -4 |
| LASMO† | 2,900 | 182 | +1½ |
| London Elec. | 118 | 480 | -1 |
| Lonrho | 20,000 | 118½ | +4½ |
| Lucas | 2,400 | 143 | |
| MB Caradon† | 1,600 | 310 | +6 |
| MEPC | 1,700 | 418 | +12 |
| MFI | 1,000 | 140 | |
| Manweb | 87 | 512 | -5 |
| Marks & Spencer† | 8,000 | 348 | -2½ |
| Midlands Elec. | 634 | 472 | -2 |
| Morrison (Wm.) | 1,300 | 158 | +3 |
| NFC† | 1,300 | 246 | -1 |
| NatWest Bank† | 2,400 | 482 | -4 |
| National Power† | 1,300 | 326 | -9 |
| Next | 7,700 | 164½ | +6½ |
| North West Water† | 1,800 | 497 | |
| Northern Elec. | 377 | 466 | -4 |
| Northern Foods† | 3,200 | 260 | +4 |
| Norweb | 584 | 467 | -1 |
| Pearson† | 1,000 | 439 | +4 |
| P & O† | 4,500 | 578 | +6 |
| Pilkington | 3,200 | 120 | -2 |
| PowerGen† | 2,200 | 336 | -9 |
| Prudential† | 2,900 | 321 | -1 |
| RMC | 1,200 | 713 | -1 |
| RTZ† | 3,700 | 636 | +11 |
| Racal | 593 | 201 | -3 |
| Rank Org.† | 1,500 | 700 | +4 |
| Reckitt & Colman† | 874 | 593 | -11 |
| Redland† | 3,100 | 508 | +2 |
| Reed Intl.† | 745 | 693 | -7 |
| Rentokil† | 1,100 | 184½ | -2½ |
| Reuters† | 549 | 1268 | -10 |
| Rolls Royce | 15,000 | 149 | +10½ |
| Rothmans† | 315 | 647 | -14 |
| Ryl Bk Scotland† | 5,300 | 273 | -7 |
| Royal Insurance† | 1,000 | 308 | -6 |
| Saatchi | 675 | 175 | -1 |
| Sainsbury† | 3,300 | 464 | -13 |
| Scottish & New.† | 617 | 483 | -8 |
| Scot. Hydro-Elect.† | 737 | 333 | -4 |
| Scottish Power† | 2,900 | 313 | -4 |
| Sears† | 2,100 | 102 | -1 |
| Sedgwick | 1,400 | 170 | +2 |
| Seeboard | 1,100 | 487 | +1 |
| Severn Trent Water† | 1,400 | 489 | -1 |
| Shell Transport† | 16,000 | 612½ | +20½ |
| Siebe† | 1,200 | 465 | -5 |
| Slough Ests | 1,900 | 180 | +12 |
| Smith (W.H.) A | 178 | 443 | -7 |
| Smith & Nephew† | 659 | 145 | -½ |
| SmKl Beecham† | 1,800 | 466 | -15 |
| SmKl Beecham Uts.† | 2,600 | 414 | -17 |
| Smiths Inds. | 5,300 | 343 | +8 |
| Southern Elect.† | 176 | 459 | -3 |
| South Wales Elect. | 88 | 521 | -4 |
| South West Water | 255 | 509 | |
| South West. Elect. | 159 | 490 | -6 |
| Southern Water | 272 | 465 | |
| Standard Chartd.† | 676 | 734 | +1 |
| Storehouse | 1,600 | 206 | |
| Sun Alliance† | 245 | 337 | -8 |
| T&N | 192 | 175 | |
| TI Group† | 4,300 | 333 | -4 |
| TSB† | 4,500 | 181 | +2 |
| Tarmac | 2,700 | 136 | +3 |
| Tate & Lyle† | 750 | 393 | +2 |
| Taylor Woodrow | 385 | 107 | -1 |
| Tesco† | 3,300 | 214½ | -6½ |
| Thames Water† | 1,300 | 507 | |
| Thorn EMI† | 440 | 821 | -6 |
| Tomkins† | 3,200 | 226 | -5 |
| Trafalgar House | 1,500 | 94 | +4 |
| Unigate | 347 | 362 | +2 |
| Unilever† | 2,100 | 1104 | +14 |
| United Biscuits† | 1,000 | 415 | -10 |
| Utd. Newspapers | 764 | 596 | -2 |
| Vodafone† | 7,100 | 419 | -1 |
| Warburg (SG) | 380 | 658 | -6 |
| Wellcome† | 1,800 | 742 | -24 |
| Welsh Water | 96 | 565 | |
| Wessex Water | 20 | 583 | -3 |
| Whitbread 'A'† | 1,400 | 487½ | -7½ |
| Williams Hldgs.† | 1,100 | 329 | -10 |
| Willis Corroon | 418 | 184 | |
| Wimpey | 684 | 180 | -2 |
| Wolseley | 386 | 610 | -5 |
| Yorkshire Elect. | 286 | 509 | -6 |
| Yorkshire Water | 353 | 583 | -1 |

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 index constituent.

## Account Dealing Dates

| | | | |
|---|---|---|---|
| *First Dealings: | Apr 19 | May 10 | May 24 |
| Option Declarations: | May 6 | May 20 | Jun 3 |
| Last Dealings: | May 7 | May 21 | Jun 4 |
| Account Day: | May 17 | Jun 1 | Jun 14 |

*New time dealings may take place from 8.30am two business days earlier.

# Shell hits new high on results

FIRST-QUARTER results ahead of even the most optimistic forecasts sent Shell Transport surging on exceptionally heavy turnover.

Many dealers found it hard to fill the sheer weight of buy orders yesterday and turnover hit 10m shares by the middle of the morning. At the close, the shares were through the 600p barrier, ending a net 20½ higher at 612½p, an all-time peak, with 16m traded. The rise accounted for more than 4 points on the FT-SE 100 Index.

Analysts found it difficult to resist bumping up forecasts. The end-of-year target was lifted as high as £3.5bn, with some of the more optimistic observers arguing that the shares could hit 700p in the short term. Mr Nick Antill of Hoare Govett, who now predicts £3.2bn for the year-end and a dividend of 24.5p, said: "I think these figures are as good as they look."

## Properties advance

Property shares surged on news from Land Securities that its net asset value (nav) was well ahead of market forecasts. However, property specialists cautioned against taking this as a signal for the rest of the sector, warning that the recovery in the commercial property market could prove highly selective. Land Securities added 6 at 551p, while British Land advanced 14 to 282p, Hammerson "A" 6 to 306p and MEPC 12 to 418p.

Land's surprise nav – 504p per share against 555p a year earlier and a market forecast of around 490p – was achieved through an improvement in its central London office yields. But analysts said this was restricted to selected well-located properties and that part of the market remained heavily overlet.

Mr Marc Gilbard at NatWest Securities said that yesterday's strong performance across the sector has been a knee-jerk reaction and that investors should concentrate on companies – such as Land Securities – which are aiming to improve cash flow. "What Lands has to do is to justify its new rating by strengthening its cash flow, with a rights issue enabling it to buy more quality properties," he said.

## Zeneca shunned

Investors continued to shun Zeneca, the bioscience side of the soon to be demerged ICI. However, at least one leading securities house was arguing that Zeneca offered good value.

Agency broker James Capel believes that the ICI new shares have been overvalued and, although there are some long-term concerns with Zeneca, it may not be receiving the sector rating it deserves. Williams de Broe has also told clients it believes the Zeneca price is too low. Nevertheless, the majority view held sway yesterday and ICI new gained 14 to 623p while Zeneca ex-rights lost 16 to 648p and the nil-paid shed 13¼ to 52¼p. Existing ICI fell 5½ to 1279p.

## GrandMet busy

Results at the top end of market expectations were reported by Grand Metropolitan, although profit-taking after the recent run saw the shares finish 11 off at 422p. There were a few aspects to worry an otherwise largely supportive market, with US food business Green Giant again having to extend its recovery timetable. There were also currency considerations, which were one of the main reasons that most analysts made modest downgrades to the £960m level for next year.

Figures from BT caused unease in the market as dealers and specialists attempted to analyse the wealth of statistics. While most agreed that the pension fund issue was bad for sentiment as well as finances, the overall feeling was that the underlying business was performing well.

The shares fell 7 at the opening, then recovered 11 to move ahead, before settling just 1½ up at 404p. Turnover was an above average 9.2m. Analysts said that, given the good underlying performance and the upcoming campaign for the BT III sale, the shares appear well favoured.

The annual analysts meeting with Rank Organisation, ahead of the group going into closed period, helped the shares to recover some of Wednesday's nervous losses and they closed 4 up at 700p. There were few great surprises on trading, with Japan continuing weak and some worries over the onset of recession in the rest of Europe, But UK and US trading was continuing to show signs of an upturn, in particular the UK holiday market. Market forecasts moved into a range of £255-265m for the first half 1993.

Ever-present sensitivity to Aids news was responsible for a sharp fall in Wellcome. Positive references to an anti-Aids compound being developed for Glaxo sent the shares down 30 at worst although they recovered slightly to close 24 lower at 742p. SmithKline Beecham also suffered in spite of a well-received announcement that it had agreed a joint promotion in the US with a unit of Johnson & Johnson, the shares declining 15 to 466p in the 'A's. Glaxo held relatively steady closing only 5 lower at 638p.

Scientific equipment group Life Science rose 6 to 142p as it announced a £33.5m acquisition and agency broker James Capel turned positive.

Results from Burton Group saw the shares advance strongly, closing 4 to the good at 85p in turnover of 12m. While many analysts felt that the company has managed to turn the corner, there were some concerns raised over its ability to compete with other retail brands and the subsequent pressure on margins. Next, an arch competitor, gained 6½ to 164½p.

Positive presentations in London from Procter and Gamble and Nestle yesterday were seen to augur well for Unilever's results today. The shares advanced 14 to 1104p.

RTZ rose 11 to 636p, buoyed by a bounce in copper, which has seen chronic weakness this year, and gold.

International trading group Lonrho had a busy session as 20m shares were dealt sending the shares 4 better at 118½p, on talk that the company was planning to float its 73 per cent owned Western Platinum company in South Africa.

Pearson recovered 4 to 439p as S.G. Warburg published a buy recommendation. The securities house was also recommending Scottish Television in its sector review, arguing that the shares deserve to reach 520p in the short term. They added 6 at 457p. Also, it is advising more adventurous investors to look at debt-laden PR group Shandwick on the basis that at 33p the shares are on a 50 per cent discount to a 1994 market rating. Shandwick rose 1¼ to 20¼p.

Carlton Communications continued to resist broad-based support including a late recommendation from agency broker James Capel which pointed out a positive article in the trade press. Carlton lost 8 to 719p.

Turnover in Rolls-Royce surged to 14m and the shares jumped 10½ to 149p, as the market appreciated Wednesday's news of an engine order from Boeing.

Sentiment was further boosted by news of a Korean Air deal. Dealers reported switching from British Aerospace and into Rolls. BAe gave up 8 to 317p in trade of 1.9m.

The large line of Smiths Industries stock held by UBS that had been overhanging the market was cleared yesterday. The shares rose 8 to 343p.

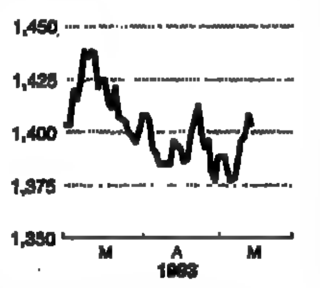
Shares in Simon Engineering continued to plunge and gave up another 21 to 52¼p yesterday after Smith New Court weighed in with a savage profits downgrading.

Magazine printer Hunter-Print rose 5 to 80p as it brought forward its results amid company concern that the shares had risen from 60 earlier in the week. Hunter-Print said it was in talks over a bid and St Ives was mentioned in the market as possible candidate. St Ives shares, very heavily traded after the departing chairman and shareholders connected with him placed 6.7m shares with S. G. Warburg, fell 6 to 324p with 13.6m shares traded.

**MARKET REPORTERS:**
Christopher Price,
Peter John,
Joel Kibazo.

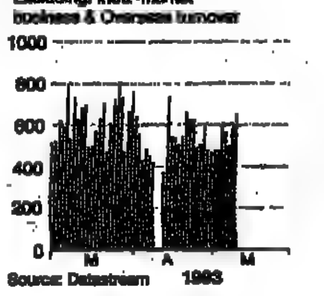
■ Other statistics, Page 22

FT-A All-Share Index




Equity Shares Traded

Turnover by volume (million)
Excluding: intra-market business & Overseas turnover




Source: Datastream

## NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (217).
CANADIANS (3) Amer. Barrick Res., Echo Bay, TVX Gold, BANKS (2) Abbey Natl., Mitsui Tst. & Bnkg., BREWERS (1) Wetherspoon (J.D.), BLDG MATLS (10) Brit. Dredging, CRH, Hepworth, Johnston, Meyer, Newman-Tonks, Redland, Rugby, SWP, Sharpe & Fisher, BUSINESS SERVS (3) BWD Res., Caslink, Comac, Dart, OIS Intl, Inspection, Time Prods., CHEMS (1) BTP, CONGLOMERATES (4) Cannon St. Invs., Lonrho, Resca, Wassall, CONTG & CONSTRCN (6) Ashtead, Barratt Homes, Cussins, Hewden-Stuart, Maunders (J.), Prowting, Tilbury Douglas, Wescol, ELECTRICALS (3) Chloride, Delta, Emess, ELECTRONICS (6) Assec (BSR), Borland, Computer People, CrayElectronic, Logica, Sanderson, ENG AERO (1) Rolls Royce, ENG GEN (7) BSS, Hall, MS Intl., Rotork, Senior, TI, Vosper Thornycroft, HEALTH & HSEHOLD (1) Kynoch, HOTELS & LEIS (1) Buckingham, INSCE LIFE (1) Transatlantic B 6pc Pf., INV TRUSTS (38) Aberforth Smllr. Co's., Abtrust New Dawn Ser. B Wrts., China & Eastern, City Merchants High Yield, City of Oxford Zero Pf., Drayton Asia Wrnts., Drayton Eng. & Intl., Electric & Gen., Fidelity Japan OTC & Reg., Finsbury, Do. A, For. & Col. Pacific, Do. Wrnts., French Prop., Do. Wrts., Fulcrum Zero Pf., Gartmore Emerging Pacific, Do. Wrnts., Gen. Cons., Govett Oriental, JF Fledgeling Japan, Do. Wrts., JF Philippine Wrnts., Keystone, Malacca Fd. Part., Martin Currie Pac., Do. Wrnts., Nth Amer. Gas, Oriental Smaller Co's., RIT Cap., Do. 2½pc Cv. 2000, St. David's, Scot. Asian, Sphere Zero Div. Pf., Templeton Emerging Mkts., Do. Wrts., Turkey, Value & Inc., MEDIA (6) Aegis 9⅞pc Pf., BBB Design, Euromoney Pub., Headline Book Pub., Holmes Marchant, Storm, MERCHANT BANKS (1) Singer & Friedlander, MTL & MTL FORMING (1) Brit. Steel, MISC (6) Abbeycrest, Alumasc, BLP, Bluebird Toys, Danka Bus. Sys., Erskine Hse., Holders Tech., Silentnight, MOTORS (3) Cook (D.C.), Hentys, Perry, OIL & GAS (12) Aminex, Aran Energy, Arcon, Aviva, Brit. Petlm., Cairn Energy, Chevron, Command, Hardy, Oliver, Royal Dutch, Shell Trans., OTHER FINCL (7) Cattle's, First Natl. Fin. 7pc Pf., Garrard & Natl., Intrum Justitia, Ivory & Sime, King & Shaxson, Provident Fincl., OTHER INDLS (1) Wilshaw, PACKG, PAPER & PRNTG (7) Bogden Inds., Capital Inds., Elswick, Hunterprint, Jarvis Porter, Smith (David S.), Stora B, PROP (14) Bradford, Brit. Land, Do. 8⅜pc Pf., Bucknall, Gt. Portland, HK Land, Helical Bar, Land Securities, MEPC, Molyneux, Shaftesbury, Southend Stad. 5⅛pc Pf., Warner Est., Wates City of London, STORES (4) Ashley (L), Burton, Kingfisher, Do. 8⅛pc Ln. 2000, TEXTS (7) Alexandra Workwear, Gaskell, Ingham, Leeds, Parkland A, Readicut, Rexmore, TRANSPORT (4) Ass. Brit. Ports, Bergesen A, Brit. Airway 9⅝pc Cv., Wah Kwong, MINES (40).
NEW LOWS (9).
BREWERS (1) Fosters, CONTG & CONSTRCN (1) Pochins, ENG GEN (1) Simon, FOOD RETAILING (3) Argyll, Tesco, HEALTH & HSEHOLD (1) London Intl., HOTELS & LEIS (1) Compass, MOTORS (1) GKN, PROP (1) Embassy.

## FINANCIAL TIMES EQUITY INDICES

| | May 13 | May 12 | May 11 | May 10 | May 7 | Year ago | *High | *Low |
|---|---|---|---|---|---|---|---|---|
| Ordinary share | 2215.5 | [illegible] | 2216.2 | 2217.8 | 2189.4 | 2120.2 | 2299.5 | 2124.7 |
| Ord. div. yield | 4.20 | 4.16 | 4.19 | 4.18 | 4.24 | 4.32 | 4.52 | 4.07 |
| Earning yld % full | 6.22 | 6.26 | 6.31 | 6.30 | 6.38 | 6.11 | 6.38 | 5.79 |
| P/E ratio net | 19.85 | 19.76 | 19.63 | 19.66 | 19.40 | 20.53 | 22.04 | 19.40 |
| P/E ratio nil | 18.54 | [illegible] | [illegible] | [illegible] | 18.14 | 19.09 | 20.30 | 18.14 |
| Gold Mines | 161.5 | 150.1 | 150.7 | 153.8 | 151.0 | [illegible] | 161.5 | 60.0 |

*for 1993. Ordinary share index since compilation: high 2299.5 10/3/93 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83- low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

| Open | 9.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.00 | High | Low |
|---|---|---|---|---|---|---|---|---|---|---|
| 2232.5 | 2229.2 | 2232.4 | 2227.6 | 2223.5 | 2226.1 | 2225.4 | 2223.2 | 2221.4 | 2233.0 | 2215.3 |

| Volume | May 13 | May 12 | May 11 | May 10 | May 7 | Year ago |
|---|---|---|---|---|---|---|
| SEAQ Bargains | 29,260 | 28,387 | 28,290 | 29,940 | 33,007 | 32,648 |
| Equity Turnover(£m)† | - | 1744.4 | 1292.9 | 1083.3 | 1194.0 | [illegible] |
| Equity Bargains† | - | 35,031 | 32,776 | 33,013 | [illegible] | 37,805 |
| Shares traded (mil)† | - | 695.2 | 614.0 | 504.7 | 568.8 | 582.6 |

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate. 48p at all other times.

## EQUITY FUTURES AND OPTIONS TRADING

THE RETURN of a more cautious mood due in part to uncertainty in European currency markets, and a sizeable selling order, sent stock index futures into decline, writes Joel Kibazo.

The June contract on the FT-SE 100 Index opened at 2,877, the same level as its previous close, and moved swiftly ahead. Within half-an-hour it was trading at 2,881, at which point it was showing a strong premium to the cash market. Sentiment was at this stage boosted by the reduction in French interest rates.

A more cautious mood took hold at mid-morning which started the sporadic selling, and this gained strength as uncertainty in the currency markets took hold. However, traders looked to Wall Street to lift sentiment in London.

Weak US bond markets, due to the disappointing US inflation figures, caused a poor early performance on Wall Street which led to a further decline in London. The June contract fell further when a fairly big sell order from a leading US house was executed, and it touched a low for the day of 2,855.

June closed at 2,860, just three points ahead of its estimated fair value premium to cash of about 5. Turnover was poor at 7,095 contracts.

In the traded options, volume continued to be healthy, reaching a total of 35,039 lots. The FT-SE 100 option saw 8,584 contracts dealt.

## FT-SE Actuaries Share Indices — THE UK SERIES

| FT-SE 100 | FT-SE MID 250 | FT-A ALL-SHARE |
|---|---|---|
| 2849.3 -11.5 | 3151.9 +6.9 | 1404.29 -3.49 |

| | May 13 | Day's change % | May 12 | May 11 | May 10 | Year ago | Earnings yield % | Dividend yield % | P/E Ratio | Xd adj ytd |
|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 | 2849.3 | -0.4 | 2860.8 | 2836.1 | 2829.8 | 2694.7 | 6.43 | 3.99 | 19.65 | 41.01 |
| FT-SE Mid 250 | 3151.9 | +0.2 | 3145.0 | 3131.3 | 3125.8 | 2800.7 | 6.03 | 3.69 | 21.19 | 34.52 |
| FT-SE-A 350 | 1418.6 | -0.3 | 1422.4 | 1411.4 | 1408.4 | 1324.0 | 6.34 | 3.92 | 18.96 | 19.33 |
| FT-SE SmallCap | 1598.39 | +0.1 | 1596.20 | 1592.28 | 1588.20 | - | 4.54 | 3.57 | 31.38 | 17.82 |
| FT-SE SmallCap ex Inv Trusts | 1608.78 | +0.1 | 1607.32 | 1604.25 | 1599.51 | - | 5.03 | 3.77 | 29.27 | 18.83 |
| FT-A ALL-SHARE | 1404.29 | -0.2 | 1407.78 | 1397.44 | 1394.42 | 1309.31 | 6.23 | 3.90 | 20.44 | 18.92 |
| 1 CAPITAL GOODS(213) | 992.75 | -0.3 | 995.59 | 976.44 | 975.22 | 920.00 | 4.87 | 3.92 | 27.62 | 14.35 |
| 2 Building Materials(27) | 1093.57 | -0.5 | 1099.36 | 1079.65 | 1076.25 | 1103.20 | 4.70 | 4.44 | 29.19 | 18.33 |
| 3 Contracting, Construction(29) | 976.95 | +0.2 | 974.75 | 970.97 | 966.86 | 1048.61 | 1.87 | 3.39 | 60.00† | 11.57 |
| 4 Electricals(15) | 2887.60 | -0.1 | 2891.10 | 2831.32 | 2810.57 | 2692.47 | 5.18 | 4.68 | 24.57 | 65.13 |
| 5 Electronics(37) | 2843.73 | -0.7 | 2861.28 | 2845.33 | 2846.06 | 2033.51 | 5.99 | 3.02 | 21.10 | 19.74 |
| 6 Engineering-Aerospace(7) | 381.62 | +2.2 | 373.44 | 370.04 | 372.19 | 400.38 | ‡ | 3.87 | ‡ | 4.81 |
| 7 Engineering-General(51) | 566.04 | -0.5 | 569.15 | 565.55 | 562.60 | 565.00 | 6.78 | 3.73 | 18.67 | 7.08 |
| 8 Metals & Metal Forming(11) | 423.47 | +0.8 | 420.29 | 413.73 | 414.13 | 372.76 | 4.08 | 2.91 | 35.19 | 0.66 |
| 9 Motors(18) | 400.79 | +0.2 | 400.15 | 401.07 | 402.02 | 391.72 | 5.07 | 5.50 | 28.24 | 9.52 |
| 10 Other Industrials(18) | 2021.26 | -0.6 | 2033.37 | 2015.85 | 2015.49 | 1880.36 | 5.87 | 4.06 | 20.89 | 37.38 |
| 21 CONSUMER GROUP(234) | 1651.47 | -1.0 | 1667.83 | 1662.13 | 1656.66 | 1732.81 | 6.94 | 3.43 | 17.63 | 18.71 |
| 22 Brewers and Distillers(29) | 1933.66 | -1.6 | 1965.90 | 1947.70 | 1952.03 | 2224.32 | 8.33 | 3.74 | 14.68 | 20.05 |
| 25 Food Manufacturing(22) | 1352.66 | +0.1 | 1350.82 | 1349.69 | 1350.91 | 1314.68 | 7.44 | 3.74 | 16.25 | 22.09 |
| 26 Food Retailing(18) | 2875.83 | -2.1 | 2938.40 | 2965.90 | 2948.47 | 2984.89 | 8.92 | 3.58 | 14.53 | 19.55 |
| 27 Health & Household(29) | 3600.65 | -1.7 | 3663.65 | 3637.70 | 3602.81 | 4125.43 | 6.37 | 3.16 | 18.16 | 41.02 |
| 29 Hotels and Leisure(20) | 1239.46 | -0.4 | 1244.41 | 1244.55 | 1245.54 | 1445.03 | 5.77 | 4.70 | 23.65 | 25.13 |
| 30 Media(33) | 1902.82 | -0.4 | 1910.30 | 1898.56 | 1898.27 | 1685.47 | 5.37 | 2.68 | 22.93 | 22.97 |
| 31 Packaging and Paper(24) | 845.28 | -0.5 | 849.14 | 846.34 | 850.43 | 854.97 | 6.00 | 3.43 | 20.46 | 10.34 |
| 34 Stores(39) | 1155.90 | -0.1 | 1156.70 | 1154.19 | 1153.74 | 1091.37 | 6.24 | 3.01 | 21.22 | 8.36 |
| 35 Textiles(20) | 793.52 | +0.2 | 792.21 | 789.65 | 790.44 | 747.16 | 6.28 | 3.87 | 20.04 | 10.92 |
| 40 OTHER GROUPS(142) | 1471.72 | -0.2 | 1475.11 | 1464.97 | 1468.19 | 1331.81 | 8.31 | 4.30 | 14.82 | 16.21 |
| 41 Business Services(27) | 1583.46 | -1.1 | 1601.16 | 1599.78 | 1606.08 | 1493.45 | 5.75 | 3.18 | 21.32 | 14.18 |
| 42 Chemicals(23) | 1520.30 | -0.3 | 1524.73 | 1508.97 | 1522.93 | 1605.70 | 5.92 | 4.54 | 21.33 | 24.53 |
| 43 Conglomerates(11) | 1452.33 | +0.8 | 1440.19 | 1424.53 | 1434.56 | 1442.85 | 7.23 | 5.18 | 15.61 | 19.36 |
| 44 Transport(16) | 2828.99 | +0.5 | 2813.87 | 2807.22 | 2811.31 | 2719.16 | 7.40 | 3.97 | 16.27 | 42.52 |
| 45 Electricity(16) | 1683.30 | -1.4 | 1706.53 | 1700.58 | 1685.56 | 1274.32 | 12.87 | 4.28 | 8.99 | 23.90 |
| 46 Telephone Networks(4) | 1694.81 | +0.2 | 1691.59 | 1675.61 | 1665.71 | 1453.57 | 7.77 | 3.94 | 16.77 | 1.63 |
| 47 Water(13) | 3393.45 | -0.1 | 3397.37 | 3397.86 | 3390.07 | 2651.29 | 13.28 | 4.90 | 8.36 | 11.83 |
| 48 Miscellaneous(32) | 2313.14 | -0.9 | 2334.86 | 2314.06 | 2309.11 | 2124.50 | 6.99 | 4.39 | 17.63 | 41.41 |
| 49 INDUSTRIAL GROUP(589) | 1436.24 | -0.6 | 1444.75 | 1436.46 | 1435.78 | 1404.87 | 7.00 | 3.82 | 17.63 | 17.04 |
| 51 Oil & Gas(18) | 2536.68 | +2.1 | 2484.41 | 2447.28 | 2437.78 | 2089.48 | 5.62 | 4.31 | 22.99 | 47.45 |
| 59 "500" SHARE INDEX(607) | 1532.36 | -0.3 | 1536.66 | 1526.48 | 1525.19 | 1472.74 | 6.83 | 3.86 | 18.30 | 19.37 |
| 61 FINANCIAL GROUP(88) | 1002.18 | -0.1 | 1002.85 | 991.88 | 982.28 | 788.59 | 3.69 | 4.23 | 44.10 | 18.94 |
| 62 Banks(8) | 1375.80 | -0.2 | 1377.89 | 1356.52 | 1343.71 | 997.68 | 4.74 | 3.82 | 30.63 | 28.48 |
| 65 Insurance (Life)(6) | 1994.02 | -0.5 | 2003.98 | 1984.80 | 1969.98 | 1569.60 | 2.66 | 4.46 | 67.12 | 47.49 |
| 66 Insurance (Composite)(7) | 644.49 | -1.0 | 650.91 | 647.82 | 635.97 | 658.31 | ‡ | 4.81 | ‡ | 15.80 |
| 67 Insurance Brokers(10) | 779.29 | +0.4 | 776.28 | 769.43 | 770.51 | 1001.62 | 7.35 | 5.03 | 18.27 | 11.10 |
| 68 Merchant Banks(6) | 849.86 | -0.7 | 854.35 | 848.15 | 846.06 | 509.53 | 7.24 | 3.38 | 17.42 | 4.71 |
| 69 Property(28) | 811.90 | +2.2 | 794.16 | 794.29 | 784.29 | 725.43 | 5.60 | 4.94 | 24.37 | 5.28 |
| 70 Other Financial(23) | 360.59 | +0.1 | 360.07 | 359.28 | 353.06 | 285.41 | 6.40 | 4.57 | 20.40 | 3.43 |
| 71 Investment Trusts(108) | 1465.78 | +0.1 | 1464.22 | 1455.63 | 1454.43 | 1284.83 | 2.24 | 2.81 | 44.81 | 13.49 |
| 99 FT-A ALL-SHARE(804) | 1404.29 | -0.2 | 1407.78 | 1397.44 | 1394.42 | 1309.31 | 6.23 | 3.90 | 20.44 | 18.92 |

### Hourly movements

| | Open | 9.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.10 | High/day | Low/day |
|---|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 | 2863.9 | 2861.4 | 2867.1 | 2860.5 | 2858.8 | 2862.0 | 2860.3 | 2856.5 | 2852.6 | 2867.4 | 2849.3 |
| FT-SE Mid 250 | 3148.9 | 3149.4 | 3151.1 | 3152.1 | 3154.7 | 3155.5 | 3156.1 | 3154.5 | 3153.4 | 3156.8 | 3146.2 |
| FT-SE-A 350 | 1424.0 | 1422.8 | 1426.4 | 1423.0 | 1422.6 | 1424.0 | 1423.3 | 1421.7 | 1420.0 | 1425.5 | 1418.6 |

Time of FT-SE 100 high: 10.01 ; low: 16.28

### FT-SE Actuaries 350 Industry Baskets

| Hourly | Open | 9.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.10 | Close | Previous close | change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Constrcn | 1918.6 | 1917.9 | 1917.6 | 1919.7 | 1922.8 | 1924.1 | 1922.8 | 1923.0 | 1919.0 | 1919.6 | 1917.3 | +2.1 |
| Health & H | 1103.6 | 1100.0 | 1099.4 | 1096.0 | 1094.7 | [illegible] | [illegible] | 1090.4 | 1085.1 | 1084.1 | 1103.6 | -19.5 |
| Water | 1403.9 | 1402.3 | 1402.9 | 1403.1 | 1405.7 | 1405.7 | 1405.7 | 1403.7 | 1401.0 | 1400.6 | 1402.9 | [illegible] |
| Banks | 1682.3 | 1679.6 | 1690.7 | 1686.2 | [illegible] | [illegible] | [illegible] | 1680.9 | 1676.4 | 1671.3 | 1674.3 | -3.0 |

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address.
The increase in the size of the FT-Actuaries All-Share Index from January 4 1993 means that the FT 500 now contains more stocks. It has been renamed the FT "500". † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative.
The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules.

"FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. The FT-SE Actuaries Share Indices are audited by The WM Company.

## LONDON SHARE SERVICE

### BRITISH FUNDS

| Notes | Price £ | + or - | 1993 high | 1993 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| "Shorts" (Lives up to Five Years) | | | | | | |
| Treas 12½pc 1993‡‡ | 101⅛ | — | 103⅛ | 101⅛ | 12.36 | 5.77 |
| Funding 6pc 1993‡‡ | 100 | — | 100¼ | [illegible] | 6.00 | 5.87 |
| Treas 13¼pc 1993‡‡ | 104⅛xd | — | 105⅛ | 104⅛ | 13.29 | 5.83 |
| 8¼pc 1994 | 101½ | — | 102⅞ | 101⅞ | 8.34 | 5.87 |
| 14½pc 1994‡‡ | 106¼ | — | 109¼ | 106⅞ | 13.56 | [illegible] |
| Exch 13½pc 1994 | 107⅛ | — | 109⅛ | 107⅛ | 12.61 | [illegible] |
| Treas 10pc Ln. 1994‡‡ | 104⅛xd | — | 105¼ | 104⅛ | 9.59 | [illegible] |
| Exch 12½pc 1994 | 107⅞ | — | 110⅛ | 107⅞ | 11.59 | [illegible] |
| Treas 9pc 1994‡‡ | 104⅛xd | — | 105⅛ | 103⅞ | 8.64 | [illegible] |
| 12pc 1995 | 109⅛ | — | 111⅛ | 108⅜ | 10.99 | [illegible] |
| Exch 3pc Gas 90-95 | 96⅛ | — | 96⅛ | 94 | 3.13 | [illegible] |
| 10¼pc 1995 | 107⅞ | — | 109⅞ | 107⅛ | 9.60 | [illegible] |
| Treas 12¾pc 1995‡‡ | 114⅞xd | — | 116⅞ | 113⅞ | 11.16 | [illegible] |
| 14pc 1996 | 117⅝ | -⅛ | 120⅛ | 117⅛ | 11.92 | [illegible] |
| 15¼pc 1996‡‡ | 122 | -⅛ | 125⅝ | 121⅜ | 12.50 | [illegible] |
| Exch 13¼pc 1996‡‡ | 118⅝xd | -⅛ | 120⅛ | 116½ | 11.34 | [illegible] |
| Conversion 10pc 1996 | 109⅛xd | -⅛ | 111½ | 108⅞ | 9.15 | [illegible] |
| Treas 13¼pc 1997‡‡ | 119⅝ | — | 122⅛ | 118⅞ | 11.10 | [illegible] |
| Exch 10½pc 1997 | 111⅛ | — | 113⅞ | 110⅛ | 9.46 | [illegible] |
| Treas 8¾pc 1997‡‡ | 105⅞ | — | 106⅞ | 105½ | 8.28 | [illegible] |
| Exch 15pc 1997 | 126⅛ | -⅛ | 129⅞ | 126¼ | 11.88 | [illegible] |
| 9¾pc 1998 | 109⅛ | +⅛ | 112⅝ | 109⅛ | 8.89 | [illegible] |
| Five to Fifteen Years | | | | | | |
| Treas 7¼pc 1998‡‡ | 100⅝ | -⅛ | 102¼ | 99⅞ | 7.20 | [illegible] |
| 7¼pc 1998 A‡‡ | 50⅞ | +⅛ | 51⅛ | 49⅞ | 7.21 | [illegible] |
| Treas 6¾pc 1995-98‡‡ | 98⅝ | -⅛ | 101 | 97⅞ | 6.84 | [illegible] |
| 15½pc '98‡‡ | 134⅛ | -⅛ | 138⅛ | 133⅞ | 11.55 | [illegible] |
| Exch 12pc 1998 | 118⅞xd | — | 122⅝ | 118⅝ | 10.09 | [illegible] |
| Treas 9½pc 1999‡‡ | 108⅞ | — | 112½ | 108⅛ | 8.73 | [illegible] |
| Exch 12¼pc 1999 | 120⅝ | +⅛ | 124⅞ | 120⅛ | 10.16 | [illegible] |
| Treas 10½pc 1999 | 113⅞xd | — | 117⅞ | 112⅞ | 9.25 | [illegible] |
| Conversion 10¼pc 1999 | 112⅞xd | — | 117⅞ | 112⅛ | 9.08 | [illegible] |
| 9pc 2000‡‡ | 107⅛ | — | 110⅞ | 106 | 8.41 | [illegible] |
| Treas 13pc 2000 | 126⅝ | -⅛ | 131 | 125½ | 10.29 | [illegible] |
| 10pc 2001 | 111⅜ | — | 115⅞ | 109⅞ | 8.96 | [illegible] |
| 14pc '98-1 | 125⅞xd | -⅛ | 129½ | 125⅛ | 11.15 | [illegible] |
| 9¾pc 2002 | 110⅞ | -⅛ | 114⅞ | 108⅝ | 8.83 | [illegible] |
| 8pc 2003‡‡ | 98⅝xd | -⅛ | 103⅞ | 97⅞ | 8.03 | [illegible] |

### BRITISH FUNDS - Cont.

[illegible]

### BRITISH FUNDS - Cont.

Index-Linked

[illegible]

### OTHER FIXED INTEREST

[illegible]

Continued on next page

# LONDON SHARE SERVICE

## AMERICANS

## CANADIANS

## BANKS

## BREWERS & DISTILLERS

## BUILDING MATERIALS

## BUILDING MATERIALS - Cont.

## BUSINESS SERVICES

## CHEMICALS

## CONGLOMERATES

## CONTRACTING & CONSTRUCTION

## ELECTRICALS

## ELECTRICITY

## ELECTRONICS

## ENGINEERING-AEROSPACE

## ENGINEERING-GENERAL

## ENGINEERING-GENERAL - Cont.

## FOOD MANUFACTURING

## FOOD RETAILING

## HEALTH & HOUSEHOLD

## HOTELS & LEISURE

## HOTELS & LEISURE - Cont.

## INSURANCE BROKERS

## INSURANCE COMPOSITE

## INSURANCE LIFE

## INVESTMENT TRUSTS

## INVESTMENT TRUSTS - Cont.

هكذا من الأصل

## INVESTMENT TRUSTS - Cont.

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

## INVESTMENT COMPANIES

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

## MEDIA

[illegible]

## MERCHANT BANKS

[illegible]

## METALS & METAL FORMING

[illegible]

## MISCELLANEOUS

[illegible]

## MOTORS

[illegible]

## OIL & GAS

[illegible]

## OIL & GAS - Cont.

[illegible]

## OTHER FINANCIAL

[illegible]

## OTHER INDUSTRIALS

[illegible]

## PACKAGING, PAPER & PRINTING

[illegible]

## PACKAGING, PAPER & PRINTING - Cont.

[illegible]

## PROPERTY

[illegible]

## STORES

[illegible]

## TELEPHONE NETWORKS

[illegible]

## TEXTILES

[illegible]

## TRANSPORT

[illegible]

## WATER

[illegible]

## SOUTH AFRICANS

[illegible]

## PLANTATIONS

[illegible]

## MINES

[illegible]

## MINES - Cont.

[illegible]

## GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm –) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♦ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- ‖ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♦ Unregulated collective investment scheme.

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. n Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. v Not subject to ACT. z Dividend yield includes a special payment. E Auction basis. F Yield based on prospectus or other official estimates for 1994-95. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1993. K Yield based on prospectus or other official estimates for 1992-93. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1993-94. N Yield based on prospectus or other official estimates for 1992. P Figures based on prospectus or other official estimates for 1994. R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

## FT Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Ring +44 81-643 7181 (open 24 hours including weekends) or fax +44 81-770 0544, quoting the code FT9233. Reports will be sent the next working day, subject to availability. Please remember to state the weekly changing code above.

## FT Cityline

Real time share prices and other stock market information is available through the FT Cityline International telephone service.
Annual subscription £250.00 stg.
Call +44 71-925 2128 for more details.

# FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on ( 071 ) 873 4378 for more details.

## AUTHORISED UNIT TRUSTS

[illegible]

### Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

**INITIAL CHARGE:** Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

**OFFER PRICE:** Also called issue price. The price at which units are bought by investors.

**BID PRICE:** Also called redemption price. The price at which units are sold back by investors.

**CANCELLATION PRICE:** The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

**TIME:** The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

**HISTORIC PRICING:** The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

**FORWARD PRICING:** The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

**SCHEME PARTICULARS AND REPORTS:** The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

هكذا من الأصل

# FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

### Smith & Williamson Unit Tst Mgrs (1600)F
1 Riding House St, London W1A3AS. 071-637 5377

| | Init Chrge | Canc Price | Bid Price | Offer Price | + or - | Yield Grs |
|---|---|---|---|---|---|---|
| S & W American $ | 5 | 259.9 | 259.9 | 272.8 | -0.7 | 0.71 |
| S & W Capital | 5 | 115.8 | 115.8 | 124.2 | +3.4 | 1.78 |
| S & W Cash ‡ | 0 | 100.68 | 100.68 | 100.68 | +0.02 | 5.25 |
| S & W European | 5 | 111.2 | 111.2 | 117.8 | +0.9 | 1.35 |
| S & W Far Eastern | 5 | 142.8 | 144.1 | 152.5 | +0.3 | 0.00 |
| S & W Growth | 5 | 124.2 | 125.9 | 133.2 | +1.1 | 1.30 |
| S & W Income | 6 | 111.4 | 112.8 | 119.1 | +0.7 | 4.50 |
| S & W Magnum | 6 | 122.4 | 122.4 | 131.4 | +1.0 | 1.72 |
| S & W Smllr Secs | 5 | 309.8 | 316.1 | 334.5 | +1.7 | 0.60 |
| S & W Thoroughbred | 5 | 141.5 | 141.5 | 151.9 | +1.0 | 1.64 |

For Société Générale Touche Remnant see Henderson

### Sovereign Unit Tst Mngrs Ltd (1000)F
12 Christchurch Rd, Bournemouth 0202 298422

| | Init Chrge | Canc Price | Bid Price | Offer Price | + or - | Yield Grs |
|---|---|---|---|---|---|---|
| Cash | 1 | 49.63 | 49.63xd | 50.13 | +0.01 | 6.5 |
| Cntrld Prfmnce | 5¼ | 55.59 | 55.92 | 59.64 | +0.05 | 7.9 |
| Ethical | 5¼ | 52.82 | 53.55 | 56.96 | +0.23 | 3.9 |
| European Growth | 5¼ | 55.54 | 55.88 | 59.61 | +0.67 | 3.0 |
| Income | 5¼ | 51.64 | 52.11xd | 55.58 | +0.18 | 5.7 |
| Int Growth | 5¼ | 77.37 | 77.90xd | 83.09 | +0.74 | 2.9 |
| Managed | 5¼ | 69.11 | 69.84 | 74.49 | +0.65 | 3.5 |
| UK Growth | 5¼ | 56.91 | 58.51 | 60.27 | +0.20 | 4.5 |

### Standard Life Tst Mgmt Ltd (0730)H
3 George St, Edinburgh EH2 2XZ 0800 393777

### Robert Fleming Asset Mngmt Ltd

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Am Exempt | £308.45 | 316.42 | +3.77 | 1.64 |
| Gen Exempt | £161.50 | 164.51 | +1.00 | 3.40 |
| Jap Exempt | £565.26 | 586.97 | -6.51 | 0.02 |
| Pacific Exempt | £148.81 | 152.49 | +1.68 | 1.81 |
| Contl Euro Exempt | £116.69 | 119.00 | +1.26 | 2.40 |

### Foreign & Colonial Unit Management Ltd

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Balanced Acc May 4 | 182.3 | 189.6 | +1.4 | 3.53 |
| Balanced Inc May 4 | 181.0 | 188.1 | +1.4 | 3.53 |
| Latin American Acc May 3 | 100.5 | 101.9 | +4.8 | 1.72 |

### Funds in Court*

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Capital Apr 1 | 549.99 | 554.12 | — | 3.73 |
| Gross Apr 1 | 207.20 | 208.87 | — | 10.10 |
| High Yield Apr 1 | 333.75 | 336.30 | — | 7.73 |

* Restricted to monies under Court control

### Govett (John) Unit Mngmt Ltd

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Managed Exempt | 107.02 | 110.85 | +0.49 | 3.30 |

### Henderson Unit Trust Management Ltd

### INVESCO MIM Management Ltd

# INSURANCES

# OTHER UK UNIT TRUSTS

# FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

## OFFSHORE INSURANCES

## MANAGEMENT SERVICES

## OFFSHORE AND OVERSEAS

### BERMUDA (SIB RECOGNISED)

### CANADA (SIB RECOGNISED)

### GUERNSEY (SIB RECOGNISED)

### GUERNSEY (REGULATED)(**)

### IRELAND (SIB RECOGNISED)

### IRELAND (REGULATED)(**)

### ISLE OF MAN (SIB RECOGNISED)

### ISLE OF MAN (REGULATED)(**)

### JERSEY (SIB RECOGNISED)

# FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

### Standard Bank Fund Mgmt (Jersey) Ltd
PO Box 583, St Helier, Jersey CI 0534 67557

| | Init Chge | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Intl. Bond (Daily) | 5¼ | | $– 15.76 | 16.66 | -0.01 | 4.61 |
| Sterling Bond (Daily) | 5¼ | | £– 9.798 | 10.14 | +0.02 | 7.69 |
| Sterling Cap (Daily) | — | | £– 42.31 | 42.32 | — | 0.73 |

### TSB Trust Funds (CI)
PO Box 538, St Helier, Jersey 0534 73494

TSB Offshore Investment Fund Ltd

| | Init Chge | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Stg Deposit Class | 3 | 101.84 | 101.84xd | 104.89 | +0.01 | 5.00 |
| Gilt & Fixed Interest | 3 | 118.45 | 118.45xd | 120.74 | +0.18 | 7.67 |
| Blue Chip & Gilt Edged | 5 | 59.65 | 59.65xd | 62.79 | +0.28 | 3.63 |
| International Bond | 5 | 137.18 | 133.36 | 140.31 | +0.25 | 6.05 |
| UK Equity | 5 | 244.11 | 235.52 | 255.57 | +0.75 | 5.05 |
| International Equity | 5 | 177.42 | 174.78 | 184.58 | +1.93 | 1.28 |
| Far Eastern | 5 | 150.24 | 163.03 | 171.61 | +0.89 | 0.37 |
| European | 5 | 120.37 | 121.11 | 127.43 | +1.14 | 0.00 |
| Pan American | 5 | 324.01 | 326.99 | 344.20 | +1.57 | 0.00 |

TSB Gilt Fund Ltd

| | Init Chge | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Quarterly Share | 3 | 104.96 | 104.96xd | 108.38 | +0.16 | 7.79 |
| Monthly Share | 3 | 103.57 | 103.57xd | 106.92 | +0.16 | 7.86 |

## JERSEY (REGULATED)(**)

### Barclays Intl Funds
Asian Selection Funds

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| China | $9.585 | 9.876 | -0.168 | 0.0 |
| Hong Kong | $29.243 | 30.782 | +0.522 | 0.4 |
| Indonesia | $9.269 | 9.757 | +0.072 | 0.0 |
| Korea | $10.919 | 11.494 | +0.021 | 0.0 |
| Malaysia | $18.012 | 18.959 | +0.088 | 0.0 |
| Philippines | $17.455 | 18.374 | +0.047 | 0.0 |
| Singapore | $12.690 | 13.358 | +0.033 | 0.0 |
| Thailand | $20.272 | 21.349 | +0.233 | 0.0 |
| South East Asia | $25.144 | 26.467 | +0.315 | 0.0 |
| US Dollar Liquidity | $9.556 | 10.034 | — | 0.0 |

### Barclays Inv Funds (Luxembourg)
41 Avenue de la Gare L-1611 010 352 404344

Equity Funds

| | Init Chge | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| European Equity $ | 5¼ | | $– 0.904 | 0.962 | +0.009 | 0.3 |
| Intl Equity $ | 5¼ | | $– 1.408 | 1.499 | +0.016 | 0.5 |
| North Am Eqty $ | 5¼ | | $– 33.65 | 35.78 | -0.03 | 0.3 |
| Pacific Eq $ | 4¾ | | $– 6.237 | 6.696 | +0.103 | 0.5 |
| UK Equity $ | 5¼ | | £– 1.095 | 1.165 | +0.003 | 2.6 |

Bond Fund

| | Init Chge | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| International Bond $ | 3½ | | $– 96.37 | 102.85 | -0.18 | 6.5 |

### CMI Asset Management (Luxembourg) SA
303 route d'Arlon, L-1150 Lux 010 352 458856

CMI Managed Portfolio Investment Company (u)

| | Init Chge | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Safeguard Portfolio F. | | | £– 1.237 | 1.317 | +0.005 | — |
| Growth Portfolio F. | | | £– 1.114 | 1.186 | +0.013 | — |
| Enterprise Portfolio F. | | | £– 1.066 | 1.137 | +0.007 | — |

CMI Global Network Fund (u)

| | Currency | Price | + or - | Yield |
|---|---|---|---|---|
| Australasian Equity | A$– | 13.028 | -0.094 | — |
| Benelux Equity | Df– | 21.368 | -0.061 | — |
| Canadian Equity | C$– | 9.887 | -0.063 | — |
| SE Asia Equity | $– | 13.338 | +0.112 | 0.95 |
| French Equity | FFr– | 58.940 | +0.258 | 0.84 |
| German Equity | DM– | 17.985 | +0.173 | — |
| Iberian Equity | Pta– | 728 | +15 | 0.01 |
| Irish Equity | I£– | 4.341 | +0.022 | — |
| Italian Equity | L– | 7747 | +48 | — |
| Japanese Equity | Y– | 1369 | +7 | — |
| Nordic Equity | SKr– | 45.358 | +0.847 | — |
| Swiss Equity | SFr– | 10.947 | -0.018 | — |
| UK Equity | £– | 6.672 | +0.037 | 1.11 |
| US Equity | $– | 13.787 | +0.038 | 0.95 |
| Japan Index Tracking | Y– | 907 | -3 | — |
| UK Eqty Index Tracking | £– | 6.225 | +0.007 | 2.20 |
| US Eqty Index Tracking | $– | 12.491 | +0.008 | 1.18 |
| German Bond | DM– | 23.311 | +0.028 | 6.20 |
| Japanese Bond | Y– | 1849 | — | 4.19 |
| Swiss Bond | SFr– | 22.324 | -0.005 | 4.36 |
| UK Bond | £– | 6.237 | +0.005 | 8.11 |
| US Bond | $– | 11.972 | -0.013 | 6.06 |
| Stg Currency Reserve | £– | 5.040xd | [illegible] | 7.10 |

## LUXEMBOURG (SIB RECOGNISED)

## LUXEMBOURG (REGULATED)(**)

## SWITZERLAND (SIB RECOGNISED)

## OTHER OFFSHORE FUNDS

### Yamaichi Capital Mngmt (Guernsey) Ltd

| | Price | + or - | Yield |
|---|---|---|---|
| Thai Inv Fund | $13.19 | +0.34 | — |

### MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. b Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. u Designated in Luxembourg as a UCITS (Undertakings for Collective Investment in Transferable Securities). x Offered price includes all expenses except agent's commission. z Previous day's price. §§ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rates of NAV increase. xd ex dividend.

(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey: Financial Services Commission; Ireland: Central Bank of Ireland; Isle of Man: Financial Supervision Commission; Jersey: Financial Services Department; Luxembourg: Institut Monétaire Luxembourgeois.

## FOREIGN EXCHANGES

# Iberian currencies are devalued

BOTH the Spanish peseta and the Portuguese escudo fell to the bottom of their bands against the D-Mark in the *exchange rate mechanism* yesterday after their central banks announced plans to devalue the currencies, *writes James Blitz.*

*The* Bank of Spain announced at 0921 GMT yesterday that it was seeking a meeting of the EC's monetary committee later that day for a realignment of the ERM.

It was later announced that there would be an 8 per cent devaluation of the Spanish peseta and a 6.5 per cent devaluation of the escudo against their central Ecu rates.

Although dealers had anticipated that the peseta would be devalued either before or after next month's Spanish elections, *the timing of the move* took the markets by surprise.

Previous requests for devaluations have come at weekends, and the timing of yesterday's move, at the start of an ERM trading day, suggested that the Bank of Spain had suffered an excessively large drain on reserves when trying to support the currency earlier in the week.

On Wednesday evening, one dealer at a major London bank said that the Bank of Spain had spent a large amount of reserves maintaining its exchange rate against the *D-Mark. The* Bank also bought back options to sell the German currency, probably in the knowledge that these would become prohibitively expensive *to hedge* after a devaluation.

The Bank of Spain's announcement was followed by strong selling of the currency, which fell to Pta76.15 against the D-Mark from Wednesday's close of Pta73.56. The escudo fell similarly, dropping as low as Esc98.23 to the D-Mark from about Esc92.00 the previous night.

The Iberian currency crisis had little immediate impact on the ERM as a whole.

The Danish krone came under some selling pressure in *the European afternoon*, being quoted as low as DKr3.8675 against the D-Mark at one stage.

However, the overwhelming view in the market appeared to be that the realignment of the Iberian currencies was a separate issue because of the fundamental economic weakness of both countries.

According to Mr Avinash Persaud of UBS in London, the fate of both the krone and the *ERM will depend on whether* the Danes vote No in Tuesday's referendum on the Maastricht treaty. "Pressure on the the Danish krone could blow apart the ERM because there would be no fundamental explanation for it," he said.

Elsewhere in the currency markets, the dollar was firmer against the D-Mark following a surprisingly big 0.4 per cent rise in US April consumer prices. It closed at DM1.6145 from a previous DM1.6115.

Sterling remained weak, however, amid the poor political situation in the UK. The pound closed at DM2.4625 from a previous DM2.4700.

### £ IN NEW YORK

| May 13 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.5225-1.5235 | 1.5335 1.5345 |
| 1 month | 0.38-0.37pm | 0.38 0.37pm |
| 3 months | 1.08-1.07pm | 1.11 1.09pm |
| 12 months | 3.87-3.87pm | 3.85 3.75pm |

Forward premiums and discounts apply to the US dollar

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu Central Rates | Currency Amounts Against Ecu May 13 | % Change from Central Rate | % Spread vs Weakest Currency | Divergence Indicator |
|---|---|---|---|---|---|
| Irish Punt | 0.809996 | 0.802509 | -0.92 | 5.31 | 40 |
| Dutch Guilder | 2.20045 | 2.18840 | -0.55 | 4.91 | 25 |
| Belgian Franc | 40.2802 | 40.1081 | -0.43 | 4.78 | 19 |
| D-Mark | 1.95294 | 1.95049 | -0.13 | 4.47 | 6 |
| French Franc | 6.54988 | 6.57895 | 0.44 | 3.88 | -27 |
| Danish Krone | 7.44934 | 7.52382 | [illegible] | 3.30 | -47 |
| Portuguese Escudo | 180.624 | 188.222 | 4.21 | 0.12 | [illegible] |
| Spanish Peseta | 142.150 | 148.314 | 4.34 | 0.00 | -75 |

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

### POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

### STERLING INDEX

[illegible]

### CURRENCY RATES

[illegible]

### DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

### CURRENCY MOVEMENTS

[illegible]

### EURO-CURRENCY INTEREST RATES

[illegible]

Long term Eurodollars: two years 4¼-4½ per cent; three years 4⅞-4⅞ per cent; four years 5-4⅞ per cent; five years 5⅛-5¼ per cent nominal. Short term rates are call for US Dollar and Japanese Yen; others, two days' notice.

### OTHER CURRENCIES

[illegible]

### EXCHANGE CROSS RATES

| May 13 | £ | $ | DM | Yen | F Fr. | S Fr. | N Fl. | Lira | C$ | B Fr. | Pta | Ecu |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| £ | 1 | 1.526 | 2.463 | 170.3 | 8.305 | 2.225 | 2.763 | 2269. | 1.941 | 50.60 | 188.8 | 1.264 |
| $ | 0.655 | 1 | 1.614 | 111.6 | 5.442 | 1.458 | 1.811 | 1487 | 1.272 | 33.16 | 123.2 | 0.828 |
| DM | 0.406 | 0.620 | 1 | 69.14 | 3.372 | 0.903 | 1.122 | 921.2 | 0.788 | 20.54 | 76.33 | 0.513 |
| YEN | 5.872 | [illegible] | 14.46 | 1000. | 48.77 | 13.07 | 16.22 | 13324 | 11.40 | 297.1 | 1104 | 7.422 |
| F Fr. | 1.204 | 1.837 | 2.966 | 205.1 | 10. | 2.679 | 3.327 | 2732 | 2.337 | 60.93 | 226.4 | 1.522 |
| S Fr. | 0.449 | 0.686 | 1.107 | 76.54 | 3.733 | 1 | 1.242 | 1020 | 0.872 | 22.74 | 84.49 | 0.568 |
| N Fl. | 0.362 | 0.552 | 0.891 | 61.64 | 3.006 | 0.805 | 1 | 821.2 | 0.702 | 18.31 | 68.04 | 0.457 |
| Lira | 0.441 | 0.673 | 1.086 | 75.06 | 3.660 | 0.981 | 1.218 | 1000. | 0.855 | 22.30 | 82.85 | 0.557 |
| C $ | 0.515 | 0.786 | 1.269 | 87.74 | 4.279 | 1.146 | 1.423 | 1169 | 1 | 26.07 | 96.86 | 0.651 |
| B Fr. | 1.976 | 3.016 | 4.868 | 336.6 | 16.41 | 4.397 | 5.460 | 4484 | 3.836 | 100. | 371.5 | 2.498 |
| Pta | 0.532 | 0.812 | 1.310 | 90.59 | 4.418 | 1.184 | 1.470 | 1207 | 1.032 | 26.91 | 100. | 0.672 |
| Ecu | 0.791 | 1.207 | 1.949 | 134.7 | 6.570 | 1.760 | 2.186 | 1795 | 1.536 | 40.03 | 148.7 | 1. |

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

## FINANCIAL FUTURES AND OPTIONS

[illegible]

### OPTION ON LONG-TERM FRENCH BOND (MATIF)

| Strike | Calls June | Calls September | Calls December | Puts June | Puts September | Puts December |
|---|---|---|---|---|---|---|
| 116 | 1.51 | 1.73 | - | 0.05 | 0.65 | 1.18 |
| 117 | 0.64 | 1.10 | 1.30 | 0.19 | 1.01 | - |
| 118 | 0.15 | 0.73 | 0.94 | 0.68 | 1.54 | - |
| 119 | 0.04 | 0.41 | 0.67 | - | - | - |
| 120 | - | 0.21 | - | - | - | - |
| Open int. | 146,506 | 97,082 | [illegible] | 159,527 | 67,845 | 12,782 |

Estimated volume 50,443 † Total Open Interest 546,310
† All Yield & Open Interest figures are for the previous day.

### BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| Adam & Company | 6 | Cyprus Popular Bank | 6 | Mount Banking | 6 |
| Allied Trust Bank | 6 | Duncan Lawrie | 6 | NatWestminster | 6 |
| AIB Bank | 6 | Equatorial Bank plc | 6 | Nykredit Mortgage Bnk | 6.5 |
| ●Henry Ansbacher | 6 | Exeter Bank Limited | 7 | ●Rea Brothers | 6 |
| B & C Merchant Bank | 13 | Financial & Gen Bank | 7 | Roxburghe Bank Ltd | 6 |
| Bank of Baroda | 6 | ●Robert Fleming & Co | 6 | Royal Bk of Scotland | 6 |
| Banco Bilbao Vizcaya | 6 | Girobank | 6 | ●Smith & Williamson Secs. | 6 |
| Bank of Cyprus | 6 | ●Guinness Mahon | 6 | Standard Chartered | 6 |
| Bank of Ireland | 6 | Habib Bank AG Zurich | 6 | TSB | 6 |
| Bank of India | 6 | ●Hambros Bank | 6 | Unibank plc | 6 |
| Bank of Scotland | 6 | Heritable & Gen Inv Bk. | 6 | ●United Bk of Kuwait | 6 |
| Barclays Bank | 6 | ●Hill Samuel | 6 | Unity Trust Bank Plc | 6 |
| Brit Bk of Mid East | 6 | C. Hoare & Co | 6 | Western Trust | 6 |
| ●Brown Shipley | 6 | Hongkong & Shanghai. | 6 | Whiteaway Laidlaw | 6 |
| CL Bank Nederland | 6 | Julian Hodge Bank | 6 | Wimbledon & Sth West. | 7 |
| Citibank NA | 6 | ●Leopold Joseph & Sons | 6 | Yorkshire Bank | 6 |
| City Merchants Bank | 6 | Lloyds Bank | 6 | | |
| Clydesdale Bank | 6 | Meghraj Bank Ltd | 6 | | |
| The Co-operative Bank | 6 | McDonnell Douglas Bk. | 6 | | |
| Coutts & Co | 6 | Midland Bank | 6 | | |
| Credit Lyonnais | 6 | | | | |

● Members of British Merchant Banking & Securities Houses Association

## MONEY MARKETS

# European rates fall

MONEY MARKET interest rates in Spain slipped sharply yesterday after both countries announced they were suspending obligations to support their currencies at present parities in the exchange rate mechanism, *writes James Blitz.*

The prospect of both countries carrying out significant devaluations of their currencies led dealers to think that their central banks would take the opportunity to reduce interest rates sharply.

*In Spain's case*, a reduction in the cost of borrowing will be particularly welcome to the socialist government only three weeks before its general election.

**UK clearing bank base lending rate**
**6 per cent**
**from January 26, 1993**

The 3 month interest rate for Spanish pesetas opened at around 17 per cent, but later slipped back sharply to 12.62 per cent. The cost of 3-month Portuguese escudo had fallen to about 15 per cent by the close of trading.

Danish money market rates also fell back yesterday as dealers took the view that, one way or the other, Denmark will also be able to reduce its interest rates following next week's referendum on the Maastricht treaty.

The cost of 3 month Danish krone fell back from 10 per cent to 9.40 per cent.

As one dealer put it: "If Denmark votes yes, the Danes will be able to profit from the general fall in European rates. If they vote No, the Danes will leave the ERM and will bring down rates anyway."

France yesterday cut both its intervention and 5-10 day lending rates by 25 basis points, in a move that appeared to symbolise that the Iberian currency crisis did not affect hard core ERM members.

The intervention rate last night stood at 7.75 per cent and the 5-10 day lending rate at 8.75 per cent.

The move triggered another rise in French franc futures and a fall in cash market rates. The June French franc contract rose 5 basis points to close at 92.71. Three month French francs fell to 7.38 per cent from around 7.50 per cent.

However, the June Euromark contract fell back 3 basis points on the day to close 92.89. German call money was steady at around 7.72 per cent.

Sterling markets were relatively quiet. The June short sterling contract fell back 6 basis points to close at 93.99. In the cash market, 3-month money closed at 5$\frac{31}{32}$ per cent from a previous close of 5$\frac{15}{16}$ per cent. There was a daily shortage of £900m.

### FT LONDON INTERBANK FIXING

| (11.00 a.m. May 13) | 3 months US dollars | | 6 months US dollars | |
|---|---|---|---|---|
| | bid 3$\frac{1}{16}$ | offer 3$\frac{3}{16}$ | bid | offer |

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### MONEY RATES

[illegible]

### LONDON MONEY RATES

[illegible]





## MONEY MARKET FUNDS

### Money Market Trust Funds

[illegible]

### Money Market Bank Accounts

[illegible]

## CROSSWORD

No.8,150 Set by CINEPHILE

[crossword grid]

**ACROSS**
1 Pledged to elect about four (6)
4 Pool makes some ground at election (4,4)
9 Pure sound of the hunted (6)
10 Stick to the never-never when *surroundings* are oblique (8)
12 Sort of tennis sentence, in actuality (4,4)
13 Last bear? (6)
15, 27 Access to station for our confidant (8)
16, 27 *Boozing* around, pole to pole, means the end of the race (7,4)
20 Compile varied controversial writings (7)
21, 27 Aim for support that *shouldn't be moved* (8)
25 Hedgehog in street or sea? (6)
26, 27 Sort of cream job in place of punishment (8,4)
28 Free fight to keep a horse (8)
29 Medicinal plant from near Nicaragua (6)
30 Speed – it's in the sticks (8)
31 Put to death for being on drugs (6)

**DOWN**
1, 2 Gave a tacit prayer, maybe, on appropriate social occasion (8,3-5)
3 Essential organs of legislative reverse (6)
5, 27 Part of Remembrance service with collection at the end (4,4)
6 Front page is in depression, I swear (8)
7 Work on a question partially unintelligible (6)
8, 27 Character taking after corresponding service (6,4)
11 Policeman, perhaps, from first century in the present (7)
14 Visible understanding (7)
17 Actor around pit is to be a tyrant (8)
18 Will the first volume get into trouble? (8)
19 Idle fellow, a pest and (mostly) where (8)
22, 23, 24 Harrow the soul? Result may be a tie (6,6,6)
27 See above

**Solution to Puzzle No.8,149**

[solution grid]

# WORLD STOCK MARKETS

## CANADA

TORONTO

*4 pm close May 13*

MONTREAL

*4 pm close May 13*

## INDICES

NEW YORK

DOW JONES

STANDARD AND POOR'S

| | May 7 | Apr 30 | Apr 23 | year ago (approx.) |
|---|---|---|---|---|
| Dow Industrial Div. Yield | 3.04 | 3.04 | 3.01 | 2.77 |
| | May 5 | Apr 28 | Apr 21 | year ago (approx.) |
| S & P Industrial div. yield | 2.52 | 2.56 | 2.54 | 2.61 |
| S & P Indl. P/E ratio | 26.22 | 25.77 | 25.92 | 29.29 |

### NEW YORK ACTIVE STOCKS

| Wednesday | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| RJR Nabisco | 7,084,300 | 8 | — |
| Wal-Mart | 5,970,000 | 27 | + 1 |
| Philip Morris | 5,433,100 | 50 | - 1½ |
| Hanson | 5,205,200 | 10⅝ | + ⅛ |
| Zurich Rei | 4,883,300 | 35 | — |
| Battle Mount | 3,983,300 | 8 | + ⅛ |
| Corp Banc | 3,205,900 | 17⅝ | + 1⅛ |
| Glaxo | 2,604,300 | 19⅛ | - ⅛ |
| Homestake | 2,601,700 | 17⅜ | + 1⅛ |
| Placer Dom | 2,447,600 | 16⅛ | + ⅞ |

### TRADING ACTIVITY

| † Volume Millions | May 12 | May 11 | May 10 |
|---|---|---|---|
| New York SE | 254.543 | 218.455 | 224.716 |
| Amex | 24.740 | 21.506 | 18.217 |
| NASDAQ | (u) | 223.285 | 206.452 |
| **NYSE** | | | |
| Issues Traded | 2,532 | 2,535 | 2,509 |
| Rises | 942 | 1,082 | 1,072 |
| Falls | 946 | 850 | 837 |
| Unchanged | 644 | 603 | 600 |
| New Highs | 87 | 92 | 91 |
| New Lows | 15 | 14 | 14 |

### CANADA

| TORONTO | May 12 | May 11 | May 10 | May 7 | 1993 HIGH | 1993 LOW |
|---|---|---|---|---|---|---|
| Metals & Minerals | 2874.30 | 2843.89 | 2855.91 | 2877.29 | 2972.25 (9/2) | 2743.31 (21/1) |
| Composite | 3796.52 | 3780.32 | 3778.53 | 3779.06 | 3796.50 (12/5) | 3275.80 (21/1) |
| MONTREAL Portfolio | 1877.48 | 1868.84 | 1873.53 | 1882.66 | 1890.04 (6/5) | 1720.67 (21/1) |

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

| WORLD | | | |
|---|---|---|---|
| M.S. Capital Intl.(1/1/70) $ | 555.7* | 558.0 | 550.8 |
| Euro Top-100 (26/6/90) | 968.45 | 964.19 | 955.69 |

**Saturday May 8: Taiwan Weighted Price; 4,578.14, Korea Comp Ex. 703.16. ♥ Subject to official recalculation.

Base values of all indices are 100 except: Austria Traded, 82.20, HEX Gen. ... 1,000, JSE Gold – 255.7, JSE 25 Industrials – 264.3 and Australia All Ordinary ...

### TOKYO - Most Active Stocks

Thursday, May 13, 1993

| | Stocks Traded | Closing Prices | Change on day |
|---|---|---|---|
| Sumitomo Hvy Ind | 34.9m | 1,110 | +50 |
| Mitsui Min & Sml | 11.6m | 555 | +27 |
| Mitsubishi Hvy | 7.7m | 703 | -7 |
| Shionogi | 7.5m | 1,070 | -30 |
| NEC Corp | 6.8m | 1,040 | +40 |
| Nippon Comsys | 6.4m | 1,350 | +40 |
| Nippon Oil | 6.0m | 865 | +25 |
| Fujitsu | 6.0m | 775 | +15 |
| Nippon Steel | 6.0m | 401 | +2 |
| Nippon Zeon | 5.1m | 699 | +28 |

*4 pm close May 13*

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

| 1993 High | Low | Stock | Div | Yld. % | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 13⅝ | 11½ | AAR Corp | 0.48 | 3.6 | 24 | 490 | 13⅝ | 13 | 13⅜ | +⅛ |
| 27¾ | 20 | A L Labs A | 0.18 | 0.7 | 46 | 588 | 26¼ | 25¾ | 26¼ | +⅝ |
| 63½ | 54⅝ | AMP Inc | 1.60 | 2.6 | 22 | 1686 | 62⅞ | 62¼ | 62⅜ | -½ |
| 71⅝ | 55½ | AMR | | | 10 | 8912 | 70⅛ | 68 | 70 | +1⅝ |
| 2¼ | 1¾ | ARX | | | 12 | 22 | 2⅛ | 2 | 2 | |
| 49½ | 29⅞ | ASA | 2.00 | 4.1 | 32 | 2850 | u51¼ | 49¼ | 49¼ | -¼ |
| 30¾ | 22⅝ | Abbott Lab | 0.68 | 2.6 | 17 | 7883 | 26⅞ | 26¼ | 26⅛ | -1½ |
| 12⅝ | 10¼ | Abitibi Pr | 0.50 | 4.1 | 5 | 11 | 12¼ | 12⅛ | 12¼ | |
| 11¾ | 10¾ | ACM Gvt In x | 0.96 | 8.3 | | 231 | 11⅝ | 11½ | 11½ | |
| 9¾ | 8½ | ACM GvOpp x | 0.80 | 8.4 | | 84 | 9½ | 9½ | 9½ | |
| 9⅝ | 8¾ | ACM Gvt Sp | 0.80 | 8.4 | | 209 | 9½ | 9⅜ | 9½ | |
| 11⅞ | 10½ | ACM Gvt Se | 0.96 | 8.5 | | 254 | 11¼ | 11⅛ | 11¼ | +⅛ |
| 11 | 9⅝ | ACM Man x | 1.08 | 9.8 | | 261 | u11 | 10⅞ | 11 | |
| 9⅜ | 8⅝ | ACM Managd x | 0.72 | 7.9 | | 316 | 9⅛ | 9 | 9⅛ | +⅛ |
| 9⅞ | 7¾ | Acme Cleve | 0.40 | 4.2 | 12 | 19 | 9¾ | 9⅜ | 9½ | -¼ |
| 9¼ | 6½ | Acme Elect | | | 250 | 66 | 7⅝ | 7½ | 7½ | -¼ |
| 16 | 12 | Acuson | | | 13 | 905 | 12⅝ | 12⅜ | 12½ | |
| 22¼ | 19⅝ | Adams Expr x | 0.48 | 2.3 | 1 | 31 | 20⅞ | 20¾ | 20¾ | -⅛ |
| 66 | 45½ | Ad Micro | 3.00 | 5.1 | | 312 | 59⅞ | 58¾ | 59¼ | -¼ |
| 32¾ | 17⅝ | Ad Micro P | 3.00 | 10.3 | 12 | 5249 | 29 | 28⅜ | 29 | +⅞ |
| 7¾ | 5½ | Advest Grp | 0.16 | 2.5 | 11 | 31 | 6½ | 6⅜ | 6½ | |
| 49⅞ | 41⅞ | Aegon ADR | 2.95 | 6.5 | 8 | 36 | 46½ | 45⅝ | 45⅝ | -¾ |
| 54⅛ | 43⅞ | Aetna Lf | 2.76 | 5.2 | 167 | 3607 | 53⅝ | 52½ | 53⅜ | |
| 14½ | 11½ | Affil A x | 0.26 | 2.1 | 28 | 763 | 12¼ | 11⅞ | 12⅛ | |
| 40¼ | 33 | Aflac x | 0.50 | 1.3 | 17 | 873 | 38⅛ | 37½ | 38⅛ | +⅜ |
| 22⅛ | 16¾ | Ahmanson x | 0.88 | 5.0 | 14 | 974 | 18 | 17⅝ | 17¾ | -¼ |
| 7¾ | 4⅝ | Aileen Inc | | | 17 | 333 | 5 | 4¾ | 4⅞ | -⅛ |
| 48½ | 40⅜ | Air Pr Chm | 0.86 | 2.0 | 17 | 1386 | 43¾ | 42⅝ | 42⅝ | -⅞ |
| 24¼ | 18½ | Airborne Frt x | 0.30 | 1.4 | 87 | 118 | 22 | 21¾ | 21¾ | -¼ |
| 26½ | 18¼ | Airgas Inc | | | 35 | 67 | 25⅜ | 25 | 25⅛ | -⅛ |
| 14⅝ | 10½ | Airlease | 1.60 | 11.3 | 11 | 40 | 14⅛ | 13⅞ | 14⅛ | +¼ |
| 105 | 101 | AlaP pf8.16 | 8.16 | 8.0 | | 5 | 104 | 104 | 102½ | |
| 105½ | 102½ | Alab 8.28C | 8.28 | 7.9 | | z50 | 104¾ | 104¾ | 104¾ | +⅛ |

[illegible]



Continued on next page

4 pm close May 13

# NYSE COMPOSITE PRICES

Continued from previous page

## - S -

| 1993 High | Low | Stock | Div | Yld. % | P/E | Sls 100s | High | Low | Close Quote | Chg'e Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 22 | 15½ | S Anita Rt | 1.36 | 7.6 | 19 | 126 | 18 | 17¾ | 18 | +⅛ |
| 20¾ | 17 | SCOR US Cp | 0.32 | 1.7 | 231 | 33 | 18⅞ | 18½ | 18½ | |
| 26¾ | 20 | SPS Techno | 1.28 | 4.8 | 19 | 32 | u26¾ | 26⅝ | 26⅝ | -⅛ |
| 14½ | 12⅞ | Sabine Rt | 1.33 | 9.4 | 10 | 35 | 14⅛ | 14 | 14⅛ | |
| 13⅛ | 8⅞ | Safecard | 0.10 | 0.8 | 15 | 913 | 12⅜ | 12⅛ | 12⅛ | -⅛ |
| 23½ | 17 | Safeg'd Sc | | | 8 | 104 | 18½ | 18⅜ | 18⅜ | -⅛ |
| 24¾ | 16¼ | SafetyKln | 0.36 | 2.0 | 24 | 2580 | 17¾ | 17¼ | 17¾ | +⅜ |
| 15¾ | 10⅞ | Safeway | | | 24 | 2695 | 15⅝ | 15⅛ | 15⅛ | -¼ |
| 3⅞ | 2 | SafewayWBS | | | | 487 | 3⅛ | 3⅛ | 3⅛ | -⅛ |
| 44½ | 37½ | StJoePaper | 0.20 | 0.5 | 92 | 42 | 38⅞ | 38¾ | 38¾ | -¼ |
| 37⅞ | 31 | StJosL&P | 1.76 | 4.8 | 14 | 10 | 36⅞ | 36⅞ | 36⅞ | +⅛ |
| 83¼ | 75 | St Paul's | 2.80 | 3.4 | 12 | 996 | 82⅝ | 81¾ | 82 | -⅞ |
| 8⅝ | 7⅞ | Salant Crp | | | 4 | 29 | 8⅝ | 8⅜ | 8½ | +⅛ |
| 75¾ | 42½ | Sallie Mae | 1.20 | 2.6 | 10 | 7511 | 47⅞ | 45⅝ | 46 | -1¼ |
| 13⅞ | 13 | Salomon Br x | 0.36 | 2.7 | | 146 | 13½ | 13⅜ | 13⅜ | -¼ |
| 41⅞ | 34⅞ | Salomonbc | 0.64 | 1.7 | 19 | 1205 | 37⅛ | 36½ | 36⅝ | -⅝ |
| 26⅞ | 23¼ | SanDgo G&E | 1.48 | 6.7 | 14 | 318 | [illegible] | [illegible] | [illegible] | [illegible] |

[illegible]

## - T -

| 1993 High | Low | Stock | Div | Yld. % | P/E | Sls 100s | High | Low | Close Quote | Chg'e Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 9½ | 5½ | TCBY Enter | 0.20 | 2.3 | 38 | 845 | [illegible] | [illegible] | [illegible] | |
| 34⅞ | 27¾ | TCF Financ x | 0.75 | 2.4 | 7 | 182 | [illegible] | [illegible] | [illegible] | |
| 10 | 8¾ | TCW Conv S | 0.84 | 8.8 | | 557 | [illegible] | [illegible] | [illegible] | |
| 36⅞ | 25⅝ | TDK Corp A | 0.41 | 1.2 | 26 | 35 | [illegible] | [illegible] | [illegible] | |
| 3¾ | 2½ | T I S Mtge | 0.20 | 7.0 | 1 | 32 | [illegible] | [illegible] | [illegible] | |
| 33¾ | 26¾ | TJX Cos x | 0.50 | 1.8 | 22 | 4888 | [illegible] | [illegible] | [illegible] | |
| 19½ | 18⅛ | TNP Enterp | 1.63 | 8.4 | 17 | 114 | [illegible] | [illegible] | [illegible] | |
| 68⅛ | 52½ | TRW Inc x | 1.88 | 2.9 | 18 | 1273 | [illegible] | [illegible] | [illegible] | |
| 25⅞ | 9⅝ | T2 Medicl | 0.10 | 0.9 | 6 | 1185 | [illegible] | [illegible] | [illegible] | |
| 24¼ | 17⅛ | Taiwan Fd | | | | 242 | [illegible] | [illegible] | [illegible] | |
| 5 | 3⅛ | Talleyind | 0.42 | 9.4 | 12 | 122 | [illegible] | [illegible] | [illegible] | |
| 9¾ | 8½ | Talley Pf | 1.00 | 11.0 | | 2100 | [illegible] | [illegible] | [illegible] | |

[illegible]

## - U -

[illegible]

## - V -

[illegible]

## - W -

[illegible]

## - X - Y - Z -

[illegible]

Price data supplied by Telekurs

[illegible]

4 pm close May 13

# AMEX COMPOSITE PRICES

[illegible]

# NASDAQ NATIONAL MARKET

4 pm close May 13

## - A -

[illegible]

## - B -

[illegible]

## - C -

[illegible]

## - D -

[illegible]

## - E -

[illegible]

## - F -

[illegible]

## - G -

[illegible]

## - H -

[illegible]

## - I -

[illegible]

## - J -

[illegible]

## - K -

[illegible]

## - L -

[illegible]

## - M -

[illegible]

## - N -

[illegible]

## - O -

[illegible]

## - P - Q -

[illegible]

## - R -

[illegible]

## - S -

[illegible]

## - T -

[illegible]

## - U -

[illegible]

## - V -

[illegible]

## - W -

[illegible]

## - X - Y - Z -

[illegible]

FINANCIAL TIMES Friday May 14 1993

AMERICA

# Dow turns lower on poor inflation figures

## Wall Street

US SHARE prices fell sharply across the board yesterday morning after another bad set of inflation figures sent bond prices tumbling for the second consecutive day, *writes Patrick Harverson in New York.*

At 1 pm, the Dow Jones Industrial Average was down 26.57 at 3,455.74. The more broadly based Standard & Poor's 500 was down 4.76 at 440.04, while the Amex composite was 0.02 lower at 428.41, and the Nasdaq composite down 6.40 at 675.30. Trading volume on the NYSE was 177m shares by 1 pm.

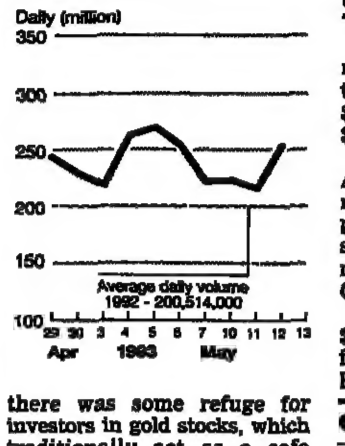
After Wednesday's unexpectedly strong producer price inflation report, it was the turn of the April consumer price index to scare the markets. The CPI rose 0.4 per cent last month, above expectations, and the "core" measure of consumer price inflation – which excludes the volatile food and energy components – was also up a worrying 0.4 per cent.

The figures, which suggested that inflation is picking up alongside the steadily growing economy, rattled Treasury investors, who sold bonds heavily. In early afternoon trading, the benchmark 30-year bond was down more than a full point, and the yield was back up to 6.95 per cent.

The rise in bond yields, and the fears of inflation, hit stocks at the opening, bringing the Dow average down sharply from the record high it set on Wednesday.

The selling was apparent across the board, although there was some refuge for investors in gold stocks, which traditionally act as a safe haven in inflationary times, and metals stocks, which are seen as beneficiaries of higher commodities prices.

**NYSE volume**




Among metals and gold stocks, Alcoa rose $½ to $66½, Newmont Mining climbed $1⅝ to $52¼, Phelps Dodge put on $1⅞ at $46⅞, Homestake Mining firmed $⅝ to $18⅝ and Reynolds Metals added $¾ at $44½, all in heavy trading. On the American Stock Exchange, Pegasus Gold jumped $2⅛ at $23⅞, and Echo Bay Mines firmed $1⅜ to $11⅜.

Philip Morris also bucked the wider market trend, rising $⅞ to $51 in volume of 1.9m shares after brokerage house Merrill Lynch raised its intermediate-term rating on the stock from "neutral" to "above average".

Motor stocks fell, in spite of more good news on car and truck sales. Chrysler slipped $⅝ to $42⅞, Ford dropped $¾ to $54⅞ and GM eased $⅝ to $40½.

On the Nasdaq market, Apple ran against the grain, rising $1⅞ to $55 after the company unveiled the updated version of its cross-platform multimedia architecture software, QuickTime for Windows.

Dell Computer fell $1⅝ to $30⅝ following a downgrade from brokerage firm Alex Brown.

## Canada

TORONTO climbed sharply at midday as a rise in bullion futures rallied gold stocks and encouraged domestic and foreign buying interest. The TSE-300 index rose 15.78 to 3,812.30 in volume of 56m shares valued at C$412m. Advances led declines by 414 to 262 with 252 issues unchanged.

EUROPE

# Devaluation supports Madrid, Lisbon

THE likelihood of a devaluation of the peseta and escudo, confirmed after the close of trading, had an electrifying effect on trading in the Spanish and Portuguese equity markets yesterday, *writes Our Markets Staff.*

**MADRID** took off, the general index closing 9.96 or 4.1 per cent higher at 251.81 as the Spanish government's request for a peseta realignment encouraged estimates of a 5 to 10 per cent currency devaluation, and hopes of interest rate cuts.

Turnover soared, reaching an estimated Pta64bn against Wednesday's Pta27.72bn (including Pta11.23bn for Argentaria on its first day of trading), and an average of around Pta11bn last week.

Mr Craig Prime at FG in Madrid said that Argentaria had brought banks into the spotlight, but that interest rate speculation had given them lift-off yesterday with Santander and Popular in the lead, up Pta480 or 9.2 per cent to Pta5,670, and Pta830, or 5.8 per cent to Pta15,150.

Construction stocks were generally strong, Dragados gaining Pta135, or 7.6 per cent to Pta1,920; and Repsol put on Pta190, or 6.4 per cent to Pta3,140 on satisfaction with its first quarter results.

**LISBON** also witnessed high turnover, some three times as large as normal, as a devaluation of the escudo seemed likely. The BTA index climbed more than 1 per cent to close at 1,732.3.

Mr John Ferreira of Carnegie International commented that expectations of a substantial fall in the April inflation figure, due for release today, had also helped lift the market.

**FRANKFURT** extended a rally founded on a recovery from an oversold position, the strong dollar, firm bond markets and continued hopes of a further cut in key interest rates. The DAX index rose another 10.33 to 1,639.79 in turnover of DM6.6bn.

General strength in banks, with Commerzbank and Dresder up DM5 to DM285.50, and DM7.60 to DM391.60 respectively, backed up the bond market/interest rate argument.

Degussa and Metallgesellschaft rose by DM7.80 to DM335, and by DM9.90 to DM321.90, reflecting a recovery from bombed-out levels and the hope that the gold price surge will reflect on sentiment.

**FT-SE Actuaries Share Indices** THE EUROPEAN SERIES

| May 13 Hourly changes | Open | 10.30 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | Close |
|---|---|---|---|---|---|---|---|---|
| FT-SE Eurotrack 100 | 1156.02 | 1156.80 | 1156.16 | 1155.92 | 1156.16 | 1156.11 | 1154.30 | 1155.16 |
| FT-SE Eurotrack 200 | 1219.45 | 1219.52 | 1220.30 | 1220.88 | 1221.68 | 1220.73 | 1218.80 | 1219.59 |

| | May 12 | May 11 | May 10 | May 7 | May 6 |
|---|---|---|---|---|---|
| FT-SE Eurotrack 100 | 1148.06 | 1140.44 | 1142.74 | 1142.41 | 1152.03 |
| FT-SE Eurotrack 200 | 1215.04 | 1206.03 | 1203.54 | 1200.34 | 1205.10 |

Base value 1000 (26/10/90) High/day: 100 - 1157.27; 200 - 1222.79 Low/day: 100 - 1153.78 200 - 1218.05.

Wella, the haircare products group, produced good figures and took a thin share price up DM15.50 to DM705.

**PARIS** made a moderate gain after the Bank of France cut money market rates. The CAC-40 index recorded a gain of 7.26 to 1,879.93 in average turnover of FFr2.5bn.

Companies with exposure to Spain were affected by expectations of a imminent devaluation of the peseta: Carrefour slipped FFr43 to FFr2,629 and Promodes FFr9 to FFr756.

Bouygues, which holds a 25 per cent stake in TF1, the television network, lost FFr15 or 2.4 per cent to FFr624 after the government said that it wanted to lift the limit on single shareholdings in television stations. TF1 advanced FFr21.90 to FFr458.20.

**MILAN** put in an unexpectedly strong performance which was attributed to short-covering ahead of today's end of the monthly account and lingering hopes by many investors that the Bank of Italy might move to cut interest rates this weekend.

The Comit index added 6.35 to 540.44, led higher by rallies in Stet, the state telecommunications group, and Fiat.

Stet surged L157 or 5.8 per cent to L2,834, for a two day rise of 8.2 per cent, on strong foreign demand after a bullish profits forecast at a briefing for analysts on Wednesday.

**ZURICH** met resistance as the SMI index tried to rally through the 2,200 level. After a firm start which had seen the index 12.0 ahead at 2,203.9, profit-taking left prices 9.2 easier on the day at 2,182.7.

Zurich Insurance certificates added SFr35 to SFr1,115 in the wake of plans to switch them into bearers, which shed SFr40 to SFr2,250.

Roche certificates dipped SFr10 to SFr4,480 amid some switching into other pharmaceuticals. Miss Virginia Pascoe of Williams de Broë noted that the company's market capitalisation had, for the first time, overtaken that of Nestlé, prompting some of the recent demand as investors increased their weighting in the stock.

**AMSTERDAM** registered a fall in spite of a strong performance from Royal Dutch, up Fl 4.40 at Fl 167.80, following strong first quarter results. The CBS Tendency index lost 1.0 to 108.1.

**DUBLIN** was supported by the Bank of Ireland, up 3 per cent to I£2.44, after announcing an unexpected dividend increase. The ISEQ index finished 17.24 higher at 1,560.55.

**ISTANBUL**'s 75-share index added 396.6 or 5 per cent to a new record close of 8,349.31. Mr Stuart Harley of Schroders credited reports of heavy subscription in new mutual funds, and an increasingly stable political outlook.

# Signs of corporate recovery lift Sweden

## The prospect of new rate cuts has boosted sentiment, writes **Christopher Brown-Humes**

Falling interest rates and signs of corporate profits recovery have helped fuel a stock market rally in Sweden which began last October and is still going strong.

A further cut in interest rates yesterday added to the positive sentiment; but profit-taking late in the session saw the Affärsvärlden general index fall 9.6 to 1,072.1.

Equities have now risen by more than 17 per cent since the start of the year, and have climbed by some 50 per cent since Sweden effectively devalued the krona last November. However, prices are still 20 per cent below the peaks reached in August 1989, before the onset of economic recession.

The devaluation has done much to generate the momentum of the last six months, not least because the weaker krona has enhanced the competitiveness of the large export-orientated multinationals.

More recently, it has been expectations of further falls in interest rates which have dominated sentiment. Following yesterday's cut, the central bank's marginal interest rate stands at 9.00 per cent, compared with 12.50 per cent at the time the krona was floated. The trend is firmly downward and, in spite of central bank caution, further cuts can be expected this summer.

But there are other influences at work, including increased interest by overseas investors.

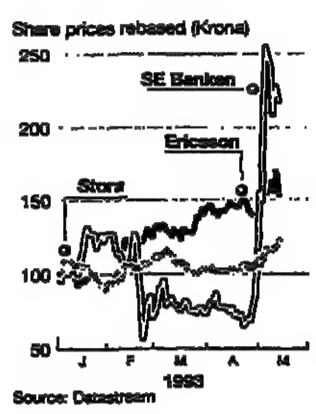
Ms Mary Berg, Scandinavian analyst at James Capel in London, comments: "International investors, who have done well out of Germany and France, are now looking to put their money somewhere else with both countries moving into recession. Sweden looks particularly attractive because of its range of well-known international companies with good recovery prospects."

In the last two weeks a number of factors have helped to give the market a further boost. The low wage accord that employers and engineering unions have agreed looks like averting any widespread industrial unrest in the current wage bargaining round.

There has also been evidence of improving corporate fortunes in some first-quarter reports. On Tuesday Ericsson disclosed a SKr428m ($57m) profit for the first three months, sharply reversing a SKr363m loss for the same quarter of 1992. Its "B" shares closed at SKr300 yesterday, against a 1993 low of SKr172.

Last week Stora, the forestry group, also provided some cause for optimism when it said that prices for most of its main products had stopped falling as it announced a lower than expected quarterly loss.

However, forestry shares have still had a disappointing year, moving up by only 6.4 per cent since January and failing to build on the strong spurt they put in immediately after the November devaluation. The sector, however, showed a 6 per cent gain yesterday.




The star performer has been the banking sector, where shares have risen by more than 90 per cent since the start of the year on hopes that the worst of Sweden's financial crisis is over. Some of the buying has had a strong speculative feel to it, as with S-E Banken, whose shares have tripled in the last month. The sector is still 15 per cent below its level of a year ago.

One clear indication of the general buoyancy has been the increase in turnover, frequently exceeding SKr1bn a day during the year, and reaching its second highest level ever on Wednesday when it rose above SKr2bn.

A "no" vote in next week's Danish referendum on Maastricht would quickly change sentiment, not least because it would raise the prospect of renewed currency turbulence. A nervous eye is also being kept on Germany – Sweden's leading export market – because evidence of deeper recession there would almost certainly harm the recovery prospects of the country's big multinationals.

The superstitious recall that it was almost exactly a year ago that the Affärsvärlden index touched a 1992 high of 1,000 before plunging 37 per cent in the next five months. This time such a reversal looks unlikely given the downward trend in interest rates and a feeling that the end of recession has to be nearer today than it was a year ago.

ASIA PACIFIC

# Region sets more records as Nikkei declines again

## Tokyo

GOVERNMENT buying through public funds failed to spark a sustained rally and profit-taking took the Nikkei average into a third consecutive decline, *writes Wayne Aponte in Tokyo.*

The Nikkei ended 82.42 easier at 20,532.78, after a day's high of 20,780.14 and low of 20,457.38. The broader Topix index of all first section shares gained 2.12 at 1,611.06. In London the ISE/Nikkei 50 index was 3.94 firmer at 1,246.29.

Volume was estimated at 550m shares, compared with Wednesday's final 572m. Rises led declines by 548 to 494, with 144 issues unchanged.

Brokers attributed the decline in the Nikkei to dealer positioning before today's special quotation for May Nikkei options contracts, which is computed from the opening prices of all 225 Nikkei index stocks.

However, the expiry is expected to have a limited effect on the cash market. The surge in trading volume on the first section of the Tokyo Stock Exchange during the past three months has the capacity to absorb erratic price swings.

The broader indices, which ended the session in positive territory, indicated an overall firmness in the stock market, brokers said. The Nikkei's most recent downturn, they added, has resulted primarily from selling led by the futures markets, rather than from a reduction in cash market holdings. Further declines are expected in the absence of compelling incentives on the buy side; but few brokers yesterday anticipated that this would bring the Nikkei below the 20,000 level.

Investors are awaiting the release of Japanese corporate earnings reports later this month, hoping to capitalise on any surprises. Foreign exchange and economic considerations, meanwhile, should remain the focus of attention.

The rise in the gold price generated interest in the mining sector. Sumitomo Metal Mining, the day's most active issue, rose Y80 to Y1,110, a new peak for the year.

Reports that Nippon Telegraph and Telephone will file for government approval to increase domestic telephone charges, possibly by the end of this month, pushed its shares Y19,000 higher to Y963,000.

The banking sector lost ground: Mitsubishi Bank slipped Y50 to Y2,480, Fuji Bank Y30 to Y2,000 and Sumitomo Bank Y10 to Y1,990.

In Osaka, the OSE average finished 115.96 higher at 22,888.58 in volume of 22.3m shares.

## Roundup

RECORD-BREAKING performances were again seen in some Pacific Rim markets.

**HONG KONG** registered a second consecutive all-time high, with the Sino-British agreement on land sales encouraging renewed buying by local and foreign investors.

The Hang Seng index was up 106.16, or 1.5 per cent, at 7,108.76 after a record intraday high of 7,130.37. Turnover increased to HK$7.47bn, second only to the HK$7.7bn record set in April.

HSBC Holdings, recently weak, topped the actives list and jumped HK$2, or 2.8 per cent, to HK$71.50. Hongkong Land rose 80 cents, or 5.4 per cent, to HK$15.50 on rumours that it is selling one of its prime office towers to Chinese interests.

**SINGAPORE** saw continued strong foreign demand for blue chips, which took the Straits Times Industrial index up 30.13 to 1,858.71, its high for the day and a new record.

**SEOUL** moved higher on late buying of large-capitalisation shares by institutional and foreign investors, taking the view that the market's recent correction was coming to an end. The composite index put on 10.53 at 610.61 in turnover of Won497.4bn (Won336.4bn).

**MANILA** continued its slide into a fourth day, as blue chips fell further in the absence of foreign demand and the market paused to consolidate after last week's steep climb. The composite index shed 9.52 to 1,596.19.

**AUSTRALIA** began strongly but was undermined by poor jobs data which left the All Ordinaries index 1.3 down at 1,694.4. **NEW ZEALAND** followed a similar pattern and the NZSE-40 index settled just 0.62 up at 1,582.4.

**TAIWAN** ended lower ahead of a central bank board meeting to discuss monetary policy. The weighted index lost 53.65, or 1.1 per cent, at 4,664.58.

## SOUTH AFRICA

GOLDS climbed throughout the day as the bullion price held its gains, and threatened to test the $370 an ounce level. The gold index was 191, or 13.2 per cent, higher at 1,635. Industrials rose 44 to 4,449 as the overall index climbed 123, or 3.3 per cent, to 3,888.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS | WEDNESDAY MAY 12 1993 | | | | | | | | TUESDAY MAY 11 1993 | | | | | DOLLAR INDEX | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Figures in parentheses show number of lines of stock | US Dollar Index | Day's Change % | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | 1993 High | 1993 Low | Year ago (approx) |
| Australia (68) | 136.91 | +0.5 | 132.36 | 96.54 | 114.70 | 129.76 | +0.3 | 3.81 | 136.20 | 130.96 | 95.70 | 113.90 | 129.36 | 144.19 | 117.39 | 151.26 |
| Austria (18) | 140.64 | +0.7 | 135.97 | 99.17 | 117.83 | 117.70 | +0.7 | 1.80 | 139.63 | 134.25 | 98.11 | 116.77 | 116.87 | 150.96 | 131.16 | 165.91 |
| Belgium (42) | 145.48 | +0.3 | 140.66 | 102.58 | 121.90 | 118.94 | +0.4 | 4.76 | 145.12 | 139.52 | 101.95 | 121.35 | 118.45 | 156.76 | 131.19 | 143.08 |
| Canada (109) | 126.89 | +0.2 | 122.67 | 89.47 | 106.30 | 117.10 | +0.2 | 2.82 | 126.62 | 121.74 | 88.96 | 105.88 | 116.90 | 127.86 | 111.41 | 127.42 |
| Denmark (33) | 221.90 | +0.1 | 214.53 | 156.47 | 185.91 | 187.42 | +0.2 | 1.20 | 221.75 | 213.21 | 155.80 | 185.44 | 187.07 | 225.64 | 185.11 | 241.00 |
| Finland (23) | 93.27 | -0.2 | 90.17 | 65.77 | 78.14 | 108.24 | -0.4 | 1.14 | 93.49 | 89.89 | 65.69 | 78.18 | 108.65 | 100.43 | 65.50 | 81.90 |
| France (98) | 154.71 | +0.5 | 149.58 | 109.08 | 129.61 | 131.84 | +0.7 | 3.41 | 153.89 | 147.96 | 108.12 | 128.68 | 130.90 | 167.36 | 142.72 | 166.29 |
| Germany (62) | 111.61 | +0.6 | 107.91 | 78.71 | 93.51 | 93.51 | +0.8 | 2.26 | 110.97 | 106.70 | 77.98 | 92.80 | 92.80 | 117.10 | 101.59 | 120.78 |
| Hong Kong (55) | 284.14 | +2.3 | 274.71 | 200.35 | 238.07 | 282.05 | +2.3 | 3.27 | 277.70 | 267.00 | 195.11 | 232.24 | 275.58 | 284.14 | 218.62 | 238.70 |
| Ireland (15) | 161.35 | +1.3 | 155.99 | 113.77 | 135.18 | 150.46 | +1.3 | 3.47 | 159.25 | 153.11 | 111.89 | 133.17 | 148.55 | 170.40 | 129.28 | 163.14 |
| Italy (73) | 68.25 | +0.8 | 65.99 | 48.12 | 57.18 | 75.70 | +0.5 | 2.80 | 67.69 | 65.09 | 47.56 | 56.61 | 75.35 | 70.58 | 53.78 | 69.32 |
| Japan (470) | 142.89 | -2.2 | 138.14 | 100.75 | 119.73 | 100.75 | -1.8 | 0.83 | 146.09 | 140.47 | 102.64 | 122.19 | 102.64 | 146.85 | 100.75 | 105.49 |
| Malaysia (69) | 324.98 | +0.8 | 314.19 | 229.14 | 272.27 | 321.60 | +0.8 | 2.10 | 322.28 | 309.86 | 226.42 | 269.50 | 318.92 | 324.98 | 251.66 | 240.14 |
| Mexico (18) | 1488.42 | -0.9 | 1439.01 | 1049.52 | 1247.02 | 5098.53 | -0.9 | 1.33 | 1502.05 | 1444.18 | 1055.33 | 1256.10 | 5145.20 | 1725.81 | 1410.30 | 1639.77 |
| Netherland (24) | 168.87 | +0.3 | 163.26 | 119.07 | 141.48 | 139.35 | +0.4 | 3.97 | 168.44 | 161.95 | 118.34 | 140.86 | 138.76 | 172.75 | 150.39 | 158.43 |
| New Zealand (13) | 47.41 | +1.7 | 45.84 | 33.43 | 39.72 | 46.30 | +1.4 | 4.75 | 46.62 | 44.83 | 32.76 | 38.99 | 45.68 | 49.32 | 40.56 | 45.64 |
| Norway (22) | 159.74 | +0.2 | 154.44 | 112.64 | 133.84 | 147.71 | +0.4 | 1.79 | 159.39 | 153.25 | 111.99 | 133.30 | 147.06 | 166.21 | 137.71 | 189.05 |
| Singapore (38) | 245.03 | +1.9 | 236.90 | 172.78 | 205.29 | 182.42 | +1.9 | 1.85 | 240.57 | 231.30 | 169.03 | 201.18 | 179.10 | 245.03 | 207.04 | 214.76 |
| South Africa (60) | 178.92 | -3.2 | 172.98 | 126.16 | 149.90 | 187.32 | +0.4 | 2.69 | 184.85 | 177.73 | 129.87 | 154.58 | 186.66 | 188.30 | 144.72 | 245.96 |
| Spain (45) | 127.25 | -0.3 | 123.02 | 89.73 | 106.61 | 114.14 | +0.0 | 5.31 | 127.62 | 122.70 | 89.67 | 106.72 | 114.18 | 132.82 | 115.23 | 158.52 |
| Sweden (36) | 177.06 | +1.8 | 171.18 | 124.85 | 148.34 | 194.42 | +1.6 | 1.73 | 173.95 | 167.24 | 122.22 | 145.47 | 191.33 | 177.74 | 149.70 | 196.12 |
| Switzerland (55) | 121.14 | -0.3 | 117.11 | 85.42 | 101.50 | 109.80 | +0.0 | 1.98 | 121.46 | 116.79 | 85.35 | 101.59 | 109.83 | 123.58 | 108.91 | 106.18 |
| United Kingdom (218) | 177.80 | +0.2 | 171.90 | 125.36 | 148.95 | 171.90 | +0.8 | 3.98 | 177.37 | 170.54 | 124.61 | 148.31 | 170.54 | 181.99 | 162.00 | 198.57 |
| USA (519) | 181.78 | +0.0 | 175.75 | 128.19 | 152.31 | 181.78 | +0.0 | 2.81 | 181.70 | 174.70 | 127.66 | 151.95 | 181.70 | 186.27 | 175.38 | 169.78 |
| Europe (764) | 145.06 | +0.3 | 140.24 | 102.29 | 121.54 | 132.43 | +0.6 | 3.36 | 144.55 | 138.99 | 101.57 | 120.89 | 131.58 | 149.02 | 133.92 | 155.05 |
| Nordic (114) | 167.04 | +1.0 | 161.50 | 117.79 | 139.95 | 161.02 | +1.0 | 1.54 | 165.31 | 158.94 | 116.15 | 138.24 | 159.47 | 169.44 | 142.13 | 182.59 |
| Pacific Basin (713) | 146.82 | -1.8 | 141.94 | 103.53 | 123.01 | 107.04 | -1.5 | 1.11 | 149.47 | 143.71 | 105.02 | 125.00 | 108.63 | 150.03 | 105.89 | 111.40 |
| Euro-Pacific (1477) | 145.98 | -0.9 | 141.13 | 102.93 | 122.30 | 117.96 | -0.6 | 2.02 | 147.34 | 141.66 | 103.51 | 123.21 | 118.70 | 148.94 | 117.26 | 129.08 |
| North America (628) | 178.36 | +0.1 | 172.44 | 125.78 | 149.46 | 177.38 | +0.1 | 2.81 | 178.26 | 171.39 | 125.26 | 149.10 | 177.28 | 182.38 | 171.51 | 167.12 |
| Europe Ex. UK (546) | 124.91 | +0.4 | 120.77 | 88.10 | 104.68 | 110.33 | +0.5 | 2.83 | 124.39 | 119.60 | 87.41 | 104.04 | 109.74 | 128.65 | 112.51 | 129.32 |
| Pacific Ex. Japan (243) | 185.77 | +1.5 | 179.60 | 131.01 | 155.65 | 169.77 | +1.4 | 3.20 | 183.10 | 176.04 | 128.66 | 153.13 | 167.44 | 185.77 | 152.70 | 169.66 |
| World Ex. US (1664) | 146.46 | -0.9 | 141.60 | 103.28 | 122.71 | 119.95 | -0.6 | 2.05 | 147.83 | 142.13 | 103.87 | 123.62 | 120.66 | 149.39 | 118.51 | 131.30 |
| World Ex. UK (1965) | 155.34 | -0.6 | 150.18 | 109.54 | 130.16 | 135.74 | -0.5 | 2.17 | 156.33 | 150.31 | 109.84 | 130.75 | 136.37 | 157.19 | 134.22 | 138.08 |
| World Ex. So. Af. (2123) | 157.29 | -0.5 | 152.06 | 110.92 | 131.79 | 138.62 | -0.3 | 2.34 | 158.12 | 152.03 | 111.10 | 132.24 | 139.10 | 158.98 | 137.29 | 142.61 |
| World Ex. Japan (1713) | 166.78 | +0.2 | 161.24 | 117.61 | 139.75 | 160.23 | +0.3 | 3.01 | 166.47 | 160.05 | 116.97 | 139.23 | 159.70 | 169.09 | 157.47 | 164.54 |
| The World Index (2183) | 157.32 | -0.6 | 152.09 | 110.93 | 131.81 | 139.05 | -0.3 | 2.34 | 158.19 | 152.09 | 111.15 | 132.29 | 139.53 | 159.07 | 137.32 | 143.29 |


Latest prices were unavailable for this edition.